

RATES AND RATING

THE LAW AND PRACTICE OF RATING FOR
THE RATEPAYER AND RATING OFFICIAL

[INCLUDING SCHEDULE A AND INHABITED
HOUSE DUTY, WITH SOME PRACTICAL
NOTES ON VALUATION]

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**THE LAW RELATING TO
SECRET COMMISSIONS AND
BRIBES,
CIVIL AND CRIMINAL**

WITH AMERICAN NOTES

By **MORTEN Q. MACDONALD, LL.B.**

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THIS work deals in a concise summary form with the law relating to bribery, more particularly as it concerns agents of local authorities. The Prevention of Corruption Acts, 1889 (local authorities), 1906, and 1916 (contracts of local authorities) have received more detailed treatment, and an account is given of their history and the results which have followed their operation. The question of bribes and secret commissions is one that is of the greatest interest and importance to the whole commercial community and to local authorities, so that the subject is dealt with from the practical as well as the legal point of view.

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PREFACE

THE purpose of this book is to give the ratepayer and rating official some guide and assistance in understanding the law and practice relating to rating. Income Tax, so far as it relates to Schedule A (the Blue Form), and Inhabited House Duty have received some consideration, as also the recent controversy relating to the Blue Form and the results arising therefrom.

In order to deal separately and completely with rating as a whole, and also with rating as affecting the metropolis and rating outside the metropolis, some unavoidable repetition has been necessary.

The relevant sections of the Finance Act, 1923, which had not been enacted when the book had gone to press, have been included in Appendix IV.

The author has been fortunate to be able to avail himself of the wide practical experience and knowledge of Mr. W. T. Creswell, and Mr. Arthur Hunnings, F.S.I. Mr. Creswell was formerly a Fellow of the Surveyors' Institution, and has not only been a member of an assessment committee for many years, but has also been a rating expert of repute and varied experience. Mr. Hunnings is, and has been, the Rating Surveyor for the Hackney Borough Council for a considerable time, has had much experience as a professional lecturer on "Rating" for the London County Council, and is an Examiner to the Association of Rate Collectors and Assistant Overseers. Both Mr. Creswell and Mr. Hunnings have read the whole of the book in proof and have contributed many useful and practical suggestions for its improvement. Mr. Creswell wrote Chapters X and XI in regard to rates outside the metropolis, and Mr. Hunnings wrote Appendices

I and II, but any mistakes of omission or commission should be attributed to the author, and to him alone.

The author's clerk (Mr. G. E. Mead) has checked all references to statutes and leading cases, and is responsible for the informative index as well as the compilation of the Tables of Statutes and Cases.

A selection of forms relating to rating and taxation has been included in Appendix V.

A. C.

3 PLOWDEN BUILDINGS,
THE TEMPLE, E.C.4.
6th August, 1923.

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RATES AND RATING

CHAPTER I

A SHORT HISTORICAL INTRODUCTION

THE NORMAN MANOR.

IN Norman and Plantagenet times the *manor* was the outstanding feature of English social and industrial life. It corresponded roughly to our modern *parish*, and was inhabited by a practically self-supporting community, at the head of which was the lord, who held his lands directly or indirectly from the king, who granted lands to the tenants *in capite* (in chief, i.e. land held directly of the Crown) in return for certain military services.

The lord of the manor usually dwelt in a castle around which lay the demesne lands from which the greater part of the sustenance for his household was obtained. The bulk of the inhabitants lived in the scattered village near the centre of the manor, and although they were nearly all cultivators of the soil they occupied very little land near their dwellings. •

Outside the boundary of the lord's demesne, there existed arable land, meadow land, the common pasture, and the "waste," consisting of woodland, scrub, and marsh.

The arable fields consisted of a great number of half-acre strips, shared out in such a way that the land of any particular individual was to be found scattered over the whole extent of the tract, no two of his strips being necessarily side by side. After harvest the whole stubble was thrown open for grazing, and next year an entirely new partition of the strips was made.

Land Tenure. The whole of the land in the manor

belonged to the lord, but not in the sense that an estate of the present day is the property of the landowner. The right of the lord was restricted in two directions; on the one hand it was subject to forfeiture to the king, under certain conditions, and on the other the cultivator could not be deprived of his holding so long as he performed certain services and paid the customary dues. The system of tenure, therefore, was a joint ownership, with an obligation on the part of the lord to provide protection and means of sustenance, and on the part of the cultivator to render in return certain services and payments. The latter were invariably in kind, and were neither numerous nor burdensome. The services, which constituted the principal obligation, consisted of so many days' work in the year upon the lord's demesne, in ploughing his land, reaping his crops, and similar occupations.

Breakdown of Feudalism. The system of land tenure began to be modified when the English kings became engaged in prolonged quarrels with France. It was necessary for the king to secure the services of men for a longer period than he could legally compel his subjects to remain. The payment and equipment of mercenary soldiers required money, to obtain which he allowed his barons to pay a yearly sum in lieu of rendering services. The barons in their turn often made similar arrangements with the villeins, i.e. feudal tenants of the lowest class, and thus there gradually arose a system under which the cultivators of the soil became more independent.

With the change in tenure came a change in the methods of cultivation. The system of half-acre strips remained in vogue, but the practice of annual interchange fell into disuse. Gradually, as favourable opportunities presented themselves, neighbouring plots became occupied by the same holder, so that, instead of having his land in thirty or forty detached pieces, he held five or six blocks. These larger pieces were frequently surrounded by permanent

fences, and holdings came into existence having some resemblance to a modern farm. The demand abroad for English wool led to an increased interest in the raising of sheep. The common pasture and the "waste" received more attention, and, whenever it could be done without endangering the necessary supply of corn, arable land was converted into pasture so that the increasing flocks might be grazed thereon.

The production and sale of wool for the most part supplied the lords with the means of paying their dues to the king. Its sale and transport were facilitated by the numerous fairs held in various parts of the country. The merchants who collected it were required to send it for export to certain specified towns, known as *staples*, where the trade was regulated and the customs duties paid; that is, a certain proportion of the wool was taken by the officers to be sold for the benefit of the king.

The Black Death. The changes just alluded to had been gradually introducing themselves, but about the middle of the fourteenth century they were hastened by the appearance of the Black Death. This plague carried away, it is said, about half the population, and, owing to the decrease in the numbers of both consumers and labourers, a large amount of land fell out of cultivation. The lords thus found themselves with land on their hands, and a scarcity of labourers to cultivate it. This resulted in a claim for higher wages, a claim that was found to be so exacting that the matter was taken up by the legislature, and the Statute of Labourers, 1351, was passed, which not only fixed a maximum wage, but compelled labourers to stay in the same service during the summer as they had worked in during the winter.

Peasants' Revolt, 1381. Following the Black Death, the difficulty was not so much the high price of labour as that of obtaining any at all. This difficulty was met by the lords re-introducing the claim for the services of

their tenants, which, except in isolated cases, had for generations been unrecognized. The claim raised a violent agitation throughout the country, which was brought to a head by the imposition of the poll-tax in the early years of the reign of Richard II, and led to the 'Peasants' Revolt.

LABOUR AND POOR LAWS.

The reorganization of society consequent upon the breakdown of the manorial system brought into prominence two important questions, the settlement of which has exercised the minds of statesmen ever since. The first of these was the adjustment of labour disputes, and the second the relief of the poor.

The labour unrest which followed the Black Death was so general as to call forth the interference of the Central Government. Because of the plague, Parliament did not meet in 1349, so a proclamation was issued ordering: (a) That unemployed persons should not refuse work when offered, the lord of the manor to have the preference; (b) no wages were to be asked or given higher than were customary in and before 1346; (c) no labourer was to leave his employment before the specified time; (d) victuals and all necessities were to be retailed at reasonable prices.

Parliament met in 1351 and these ordinances were embodied in the first Statute of Labourers (*ante*), which applied to craftsmen in towns as well as to workers in agriculture. Subsequent Acts gave justices power to fix wages according to the price of provisions, but the maximum was fixed, beyond which they could not rise.

Duty of the parish to provide for its poor. From the time of Alfred the Great it was recognized to be the duty of the parish to provide for its poor, and the canons of the church enacted that the tithes of the rector of the parish

had to make provision for them. The religious houses or monasteries until the Reformation usually retained the great tithes for themselves, leaving the spiritual welfare of the parish to a vicar, who was generally paid a small stipend. Distant parishes were often left without assistance for the poor, and 15 Richard II, c. 6 (1391), ordained that when churches were appropriated, proper provision should be made for the poor.

The monastery of the Middle Ages performed within limits many functions; it was in a sense the Poor Law guardian, the relieving officer, the parish doctor, and the schoolmaster of its day. It was practically the only agent of poor relief.

Dissolution of the Monasteries. At the suppression of the religious houses the impropriated tithes were given to the friends of the king, consequently it was necessary to provide for the relief of the poor and to deal with the many sturdy beggars that wandered about the country. By 22 Hen. VIII, c. 12 (1530), an Act concerning punishment of beggars and vagabonds, justices were authorized to give license to impotent persons to beg within certain limits, but all persons able to labour who begged were to be brought to the next market town and to "be tied to the end of a cart naked and be beaten with whips throughout the same market town or other place till his body be bloody by reason of such whipping."

By 27 Hen. VIII, c. 2 (1535), the local authorities were directed, *inter alia*, to most charitably receive poor people and valiant beggars upon their arrival in their parish, who were "to be succoured, relieved and helped with such and convenient and necessary alms as shall be thought meet by their discretions in such wise as none of them of very necessity shall be compelled to wander idly and go openly in begging to ask alms in any of the same cities, shires, towns, parishes; but also to cause and to compel all and every the said sturdy vagabonds and valiant

beggars to be set and kept to continual labour in such wise as by their said labours they and every of them may get their own living with the continual labour of their own hands . . . upon penalty that every parish shall lose and forfeit 20 shillings for every month in which it is omitted and undone. And that to be enquired of at every quarter sessions and to be duly presented and found by the verdict of 12 men."

The effect of the confiscation of Church lands as regards poor relief has probably been exaggerated; it did not create much pauperism and, in fact, removed an encouragement to it, though it undoubtedly increased for the moment the pressure of that which existed.

By 5 & 6 Edw. VI, c. 2 (1552), it was required that collectors should "gently ask and demand of every man and woman, what they of their charity will be contented to give weekly toward the relief of the poor," and if any who were "able to further this charitable work obstinately or frowardly refused" they could be summoned by the bishop, who could "take order for the reformation thereof." Ten years later the bishop was further empowered to bind a person who obstinately refused to give according to his ability, to appear at quarter sessions where the justices could rate him according to their discretion for poor relief and could on default commit him to prison.

The breakdown of the manorial system, the Black Death which had virtually abolished serfdom and had given the bondsman a liberty which often meant a liberty to starve, the end of the Wars of the Roses which set free a large number of soldiers, the failure of voluntary subscriptions, and the dissolution of the monasteries all contributed to the necessity of putting poor relief on a satisfactory footing; and in the reign of Elizabeth rating was put on a compulsory basis by the Act of 1601. This dealt with the authorities, funds, recipients, and methods, and was the commencement of the Poor Law system.

•THE POOR RELIEF ACT, 1601.

Modern rating law is chiefly based on the Poor Relief Act, 1601, often called the Statute of Elizabeth (hereinafter called the Act of 1601) which, by Sect. 1, imposed the liability to be rated on "every inhabitant, parson, vicar and other of every occupier of lands, houses, tithes impropriate or propriations of tithes, coal mines or saleable underwoods," provided that the churchwardens of every parish, together with four, three, or two substantial householders according to the size of the parish, should be overseers of the poor by whom the rate was to be made and gave a right of appeal to quarter sessions against the rate. This scheme of poor relief made each parish responsible for the maintenance of its own poor; the parish became the Poor Law unit; the Poor Law official, the overseer, was chosen from or selected by the parish vestry, the funds therefor were raised by a rate levied upon the householders of the parish.

The Poor Law Amendment Act, 1834, Sect. 38, transferred the duties of relief to boards of guardians, but the only Act which has substantially modified the Act of 1601 is the Poor Rate Exemption Act, 1840 (*post*). This abolished the liability of the inhabitant, placing the burden on the occupier, since probably he is a person who can always be found. This enactment was made for one year only, but has been kept in force by the Expiring Laws Continuation Acts.

The Rating Act, 1874, Sect. 3, extended the Act of 1601 to—

1. Land used for a plantation or a wood, or for the growth of saleable underwood, and not subject to any right of common.

2. Rights of fowling, shooting, taking or killing game or rabbits, and of fishing, when severed from the occupation of the land.

3. Mines of every kind not mentioned in the Act of 1601.

Sect. 14 repealed the Act of 1601 "with respect to the taxation of occupiers of land used for the growth of saleable underwood."

Personal property was formerly the basis of assessment. In *Sir Anthony Earby's case* (1633, 2 Bulst. 354), it was held "that assessments ought to be made according to the visible estate of the inhabitants there, both real and personal, and that no inhabitant there is to be taxed by them [the overseers] to contribute to the relief of the poor, in regard of any estate he hath elsewhere, in any other town or place, but only in regard of the visible estate he hath in the town where he doth dwell, and not for any other land which he hath in any other place or town." This decision effectually established the principle that the basis of assessment was the ability to pay, i.e. the present income tax system.

It was further held "that by the words and meaning of the Statute of 43 Eliz. c. 2 (the Act of 1601), they [the overseers] are to assess the occupiers of the land and not the lessor who received the rents, the occupier of the land being by law only to pay the assessment, unless it be specially provided for as to this payment between him and his lessor and so by this to be discharged of this payment of such assessments."

In *R. v. White* (1792, 4 T.R. 771) it was established that personal property was rateable and it was held that ships are rateable to the poor in the parish to which they belong; so is stock-in-trade, but household furniture is not, neither is money whether at interest or not, nor the pay of officers in the navy, or of merchant ships, nor the salaries of officers of the customs, or of merchants' clerks.

The Poor Rate Exemption Act, 1840, Sect. 1, provided: "It shall not be lawful for the overseers of any parish, township or village to tax any inhabitant thereof, as such

inhabitant, in respect of his ability derived from the profits of stock-in-trade or any other property, for or towards the relief of the poor."

Land used for advertisements. The Advertising Stations (Rating) Act, 1889, provides—

Sect. 3. Where any land is used temporarily or permanently for the exhibition of advertisements, or for the erection of any hoarding, frame, post, wall or structure used for the exhibition of advertisements but not otherwise occupied, the person who shall permit the same to be so used, or (if he cannot be ascertained) the owner thereof, shall be deemed to be in beneficial occupation of such land or part thereof, and shall be rateable in respect thereof to the relief of the poor and to all local rates, according to the value of such use as aforesaid.

Sect. 4. Where any land or hereditament occupied for other purposes, and rateable in respect thereof to the relief of the poor and local rates, is used temporarily or permanently for the exhibition of advertisements, or for the erection thereon or attachment thereto of any hoarding, frame, post, wall or structure used for the exhibition of advertisements, the gross and rateable value of such land or hereditament shall be so estimated as to include the increased value from such use as aforesaid.

Basis of Valuation. The rateable value, except for the metropolis, is fixed by "net annual value" as defined by Sect. 1 of the Parochial Assessments Act, 1836, which provides that: "From and after such period, not being earlier than the 21st day of March next after the passing of this Act, as the Poor Law Commissioners shall by any order under their seal of office direct, no rate for the relief of the poor in England and Wales shall be allowed by any justices, or be of any force, which shall not be made upon an estimate of the net annual value of the several hereditaments rated thereunto; that is to say, of the rent at which the same might reasonably be expected to let from

year to year, free of all usual tenant's rates and taxes, and tithe commutation rentcharge, if any, and deducting therefrom the probable average annual cost of the repairs, insurance, and other expenses, if any, necessary to maintain them in a state to command such rent: Provided always, that nothing herein contained shall be construed to alter or affect the principles or different relative liabilities, if any, according to which different kinds of hereditaments are now by law rateable."

As regards the metropolis, the rateable value is defined by Sect. 4 of the Valuation (Metropolis) Act, 1869, which provides that: "The term 'rateable value' means the gross value after deducting therefrom the probable annual average cost of the repairs, insurance, and other expenses." The "gross value" is defined as meaning "the annual rent which a tenant might reasonably be expected, taking one year with another, to pay for an hereditament, if the tenant undertook to pay all usual tenant's rates and taxes, and tithe commutation rentcharge, if any, and if the landlord undertook to bear the cost of the repairs and insurance, and the other expenses, if any, necessary to maintain the hereditament in a state to command that rent."

Assessment Committees. The Union Assessment Committee Act, 1862, Sect. 2, created the assessment committee which is appointed by the board of guardians, and made it responsible for the valuation lists, thus limiting the jurisdiction of the overseers. In the metropolis, the borough councils, except in certain cases, appoint the assessment committee. (London Government Act, 1899, Sect. 13.)

Under the Act of 1601 the overseers still prepare the valuation lists, but they are now subject to the correction and approval of the assessment committee of the union containing the parish.

The right of appeal to quarter sessions against the rate given by the Act of 1601 still remains, modified by statutes

as to time for appealing and the giving of notices (Poor Relief Act, 1743, Sect. 4; Quarter Sessions Act, 1849, Sect. 1), and the making of an objection to the valuation list before the assessment committee (Union Assessment Committee Amendment Act, 1864, Sect. 1).

CHAPTER II

INTRODUCTION TO LOCAL RATES

THE chief sources of revenue of local authorities are : (1) the poor rate levied in practically every parish ; (2) the borough rate levied in municipal boroughs only ; (3) the general rate levied in the metropolis (London Government Act, 1899, Sects. 10, (2) ; (4) the general district rate levied in urban areas only ; (5) the county rate ; (6) special expenses rate (outside the metropolis).

Valuation outside the metropolis. Every parish has a separate valuation list, which is generally the list for most of the local rates levied on the basis of the poor rates, e.g. borough and general district rates, but is not binding for the purposes of imperial taxation or county rates, except in the metropolis.

The valuation list of a parish has usually three and sometimes four stages before completion outside the metropolis.

1. Preparation of a list by the overseers of the parish. This list is deposited in the parish for 14 days for public inspection, and notice of the deposit is sent to the assessment committee, and published on the church and chapel doors.

2. The assessment committee of the guardians of the union in which the parish is situate may revise or correct the list on complaint of any aggrieved person within 28 days from notice of the deposit of the list in the parish on the ground of unfairness, incorrectness, or omission. The assessment committee may also of its own initiative alter the list. If the list is altered in any way it is re-deposited for inspection in the parish.

3. Appeals against the assessment may be made to the justices in special sessions and quarter sessions on questions of quantum or value, also to the High Court on points of law. If any variation is made on appeal, the assessment committee make the necessary alterations.

Evidence of the rateable value of similar hereditaments may be admitted and without notice to persons concerned where the ratepayer desires to show that his rating is too high as measured by the approved standard of rating of the other premises. (*Norwich Assess. Com. v. Painter*, 1922, 2 K.B. 471.)

4. On final approval by the assessment committee the list is signed, and a copy thereof is sent to the overseers, which list is the valuation list in force; it is, however, subject to modification by supplemental lists prepared in like manner as the valuation list itself.

Valuation in London. The metropolitan borough councils are the overseers and appoint the assessment committee when the borough area is coterminous with the Poor Law area.

“Where the whole of a Poor Law union is within one borough, the assessment committee shall, notwithstanding anything in Sect. 5 of the Valuation (Metropolis) Act, 1869, be appointed by the borough council instead of by the board of guardians, and, where the borough comprises the whole of two or more unions, the council shall appoint only one assessment committee for those unions, and where the council appoint the assessment committee the town clerk shall act as the clerk to that committee.” (London Government Act, 1899, Sect. 13.)

The valuation list, called the quinquennial list, is revised every five years, during which period it may be modified by supplemental and provisional lists.

Apart from the right of appeal to special and quarter sessions and to the High Court, which applies to valuation lists inside and outside the metropolis, the procedure for

the preparation of the valuation lists may be summarized as follows—

1. The town clerk, on behalf of the borough council, forwards a copy of the valuation list to the inspector of taxes, who sends his corrections of gross values to the assessment committee. His figures are inserted unless proved to be wrong, but he may object and appeal in such circumstances.

2. The council give notices to occupiers of alterations (if any) in their valuation.

3. Appeals are similar to those outside the metropolis, except that outside the appeal is against the rate, whereas inside the metropolis the appeal is against the valuation list. The list, when finally approved, is conclusive as regards taxation for nearly all rates, including county rate and inhabited house duty and Schedule A of income tax. Outside the metropolis the valuation for inhabited house duty and income tax, Schedule A, is independent of the parish valuation lists and is made separately by officials under the Income Tax Acts.

A maximum scale of deductions from gross rental is provided by the Act which governs valuation in the metropolis, viz., the Valuation (Metropolis) Act, 1869, Sect. 52 and Third Schedule, and owners and occupiers are required to make returns, etc., in the same way as for income tax.

Local rates are usually paid by the occupier of the land or hereditaments on which they are levied ; but in the case of small house property and flats, the owners may and sometimes must compound, i.e. pay rates instead of the occupiers, and are allowed a reduction in consequence.

Rates are levied uniformly on real property.

EXCEPTIONS. 1. As regards the general district rate under the Public Health Acts there is a three-fourth exemption in regard to canals, railways, tithes, agricultural land in *urban* districts only.

As regards lighting in rural parishes there is a two-third exemption in regard to agricultural land and tithes.

3. As regards public libraries in rural parishes there is a two-third exemption in regard to agricultural land, woods, market gardens.

4. As regards poor rate and other rates levied for public local purposes there is, by Sects. 1 and 9 of the Agricultural Rates Act, 1896, an exemption of one-half in regard to agricultural land during the continuance of the Act. This applies to every rate defined by the Act except a rate for which the occupier of agricultural land is liable, as compared with the occupier of a building or other hereditament, to be assessed to or pay in the proportion of one-half or less than one-half, or again for which the occupier of agricultural land is liable which is assessed under any commission of sewers and in respect of drainage, or other work for the benefit of the land, since the Agricultural Rates Act, 1896, does not apply to any special expenses rate.

5. As regards liability for poor rate, the following exemptions are provided by statute for

(1) Indigent persons : Poor Relief Act, 1814, Sect. 11.

(2) Churches and other buildings exclusively used for religious services if included in the church precincts (see *post*) : Poor Rate Exemption Act, 1833, Sect. 1.

(3) Scientific and literary societies : Scientific Societies Act, 1843, Sect. 1 ; but this Act does not include workmen's halls and institutes *not* run for profit.

(4) Volunteer storehouses : Volunteer Act, 1863, Sect. 26.

(5) Sunday and ragged schools : Sunday and Ragged Schools (Exemption from Rating) Act, 1869, Sect. 1. This exemption is permissive.

(6) Non-provided Public Elementary Schools : Education Act, 1921 Sect. 167.

(7) Ecclesiastical tithe rent charge owners : Ecclesiastical Tithe Rent Charge (Rates) Act, 1920, Sect. 1 (1). This is only a partial exemption.

Tithe or tithe rent charge vested in the Commissioners of Church Temporalities in Wales under the Welsh Church Act is no longer property devoted to sacred uses, and is therefore liable to all rates, including sewers rates, to which any other hereditament is liable, although such rates are not payable when the tithe or tithe rent charge is held by an ecclesiastical person. (*Com. of Church Temporalities v. Gustard*, 1923, 39 T.L.R. 223.)

(8) Burial grounds acquired under the Burial Acts are rated as regards all county, parochial, and other local rates upon a value no higher than that at which the land was assessed at the time of acquisition: Burial Act, 1855, Sect. 15.

(9) Crown property and property occupied by public administration are not rateable to the relief of the poor (*Mersey Docks v. Cameron*, 1865, 11 H.L.Cas. 443), but contributions in lieu of rates are annually made by Parliament. Rates are, however, levied in respect of Crown private estates. Exempted premises partly sublet to county for administrative purposes are liable to be rated. (*Fife C.C. v. Kircaldy*, 1920, 57 Sc. L.R. 496.)

(10) Other special kinds of property have been exempted by Parliament wholly or partly from liability to pay rates, e.g. lands embanked from the Thames (*Williams v. Pritchard* 1790, 4 T.R. 2), and police stations. (*Camber v. Berkshire JJ.*, 1883, 9 App. Cas. 61.)

(11) The promoters of lands compulsorily acquired under the Lands Clauses Consolidation Act, 1845, Sect. 133, and similar Acts, though not liable to be rated, are liable until the works shall be completed and assessed to make good deficiencies of rates during the progress of their works.

(12) Ambassadors' houses: Diplomatic Privileges Act, 1708.

(13) Lands struck with sterility, e.g. highways.

(14) Public Parks. (*Lambeth v. L.C.C.*, 1897, A.C. 625.)

Apparently the principle applied in these partial

exemptions is that the property thus specially favoured is not benefited by the expenditure incurred to the same extent as other property.

Generally there is no limit to the amount of a rate except in regard to higher education, public libraries, museums, gymnasiums (see *post*). A parish council may not levy a rate in excess of 6d. in the £.

Rates are levied by—

1. The rating authority through its own officers, e.g. general district rate levied by an urban district council; and/or

2. Precept to another authority, e.g. overseers whose duty it is to levy the amount required, e.g. county and borough rates (i.e. precept rates), which are usually levied with the poor rate.

In London, borough councils collect all the rates except water, i.e.—

1. County council, including those of education.

2. Police, contributions to the Receiver for the Metropolitan Police District.

3. Equalization charge, London (Equalization of Rates) Act, 1894.

4. Poor rate.

(All the above are precept rates.)

• 5. Borough rate.

6. Any deficiency in the water fund levied by the Metropolitan Water Board (Metropolis Water Act, 1902, Sect. 15 (2.)

CHAPTER III

THE MAKING OF RATES AND THEIR COLLECTION

THE law and practice of rating in the metropolis is in many respects similar in principle and procedure to that outside the metropolis, but it is usual and more convenient to consider rating of the metropolis quite apart from that outside the metropolis, and this practice will be followed in this book. But before dealing with rating from these two separate aspects it may be of advantage to consider briefly rating as a whole, i.e. in and outside London; this will necessarily involve some repetition, but it will enable the reader more easily to distinguish rating as applied to the metropolis from that outside the metropolis, and to take a more comprehensive view of rating generally.

Local rates comprise—

(1) The Poor Rate; (2) the Borough Rate; (3) the General District Rate (outside the metropolis only); (4) the General Rate (metropolis only); (5) the County Rate; (6) Special Expenses Rate (outside the metropolis).

I. POOR RATE.

The oldest of local rates, the poor rate, is the outcome of the Poor Relief Act, 1601, and is made for defraying all expenses incurred in local and Poor Law government, apart from the local administration of the Public Health Act, 1875 (see General District Rate, *post*).

The rate is made by the overseers of the poor or such municipal authorities as have absorbed them, and includes the precepts issued by the authorities concerned, i.e. the county councils, boards of guardians; which include the expenses of rural district councils in their precepts, and the metropolitan police, in the metropolitan area.

The term "poor rate" is a misnomer in these days, seeing that a very small proportion of the average poor rate is applied to the maintenance and relief of the poor—a better name would be the general rate, as it is now called in the metropolis.

Poor rates were not formerly levied successively as they are now, and apparently the period or duration of a rate can only apply to expenditure which may be incurred during the overseers' year of office. The usual procedure is for the overseers to prepare the rate estimate after they have been notified of the financial requirements of the precept-levying authorities. The total estimate less any unspent balances is then divided by the product of a 1d. rate on the total assessable value of the district.

The estimate for the new rate having been formally adopted by the overseers (or council), the rate books are then extended by arithmetically working or pricing out the liability of each ratepayer based on the new rate. A summary of all the totals is made, showing the aggregate amount of the new rate due from each of the collecting districts into which the area has been divided. The local justices then, on the application of the administrative officer of the overseers, i.e. the assistant overseer, attach their signatures to this entry, which is the process of "allowing" the rate (see Valuation (Metropolis) Act, 1869, Fourth Schedule). The new rate commences to operate from the date of the allowance of the justices and remains in force until the end of six or twelve months, as fixed by the overseers.

There is therefore no rate in legal operation after the expiry of the preceding rate until the new rate is allowed, and a person who has paid the preceding rate and vacates his premises before the date of the allowance, incurs no liability for payment of any portion of the new rate, but a new tenant entering into possession on the date of the allowance becomes liable for payment of the rate in full.

The rate should always be headed or described in the rate book as the rate for the period ending 31st March or 30th September, as the case may be.

The rate may be made payable in such instalments as the overseers determine, such as quarterly, monthly, or even weekly (Poor Rate Assessment and Collection Act, 1869, Sect. 15).

In making or copying out a new rate book, great care must be exercised in seeing that the names of every occupier of all the rated properties are correctly entered (Poor Rate Assessment and Collection Act, 1869, Sect. 19), e.g. if premises are occupied at the date of making the rate and the occupier's name has not been inserted, or the wrong name has been filled in, it is very doubtful if the rate can be recovered outside the metropolis. In London, by Sect. 72 of the Valuation (Metropolis) Act, 1869, names of persons can be inserted in the rate book and corrections can be made on application to two justices or one police magistrate on giving 7 days' notice to the persons concerned.

The general principle is that after the rate has been allowed by the justices the rate book is unalterable, except in the following circumstances—

(a) Persons coming into or going out of occupation (Poor Rate Assessment and Collection Act, 1869, Sect. 16).

(b) New houses and buildings (Poor Law Amendment Act, 1868, Sect. 38).

(c) Where an assessment is increased or reduced (Union Assessment Committee Amendment Act, 1864, Sect. 1; Valuation (Metropolis) Act, 1869, Sect. 47).

In rating the occupier, two matters must be considered—

(1) what is rateable occupation; and

(2) in what circumstances are rates not chargeable.

A large number of leading cases lay down the principle that a person to be rated must be in actual occupation of

the land either by himself or by his servants, and that he must be deriving some benefit by reason of this occupation. The true test of beneficial occupation is not whether a profit can be made, but whether the occupation is of value. (*O'Malley v. Congested District Board*, 1919, 2 I.R. 28.) The question as to the occupier's title to the land or premises concerned is immaterial, and to what degree he benefits is also of no importance.

Generally the occupation must be measured as it were by the nature of the grant under which the occupier holds the premises ; e.g. a person, to whom the owner of a house and stable at the rear, restricting the stable and reserving the right of user, to either himself or another tenant, could not be rated in respect of the stable, notwithstanding that the stable might be within the curtilage of the house, i.e. not physically severed from the precincts of the house by means of a fence or other tangible division, and usually any property becomes a separate assessment when there is an undivided means of separate access thereto.

On the other hand, if the house and stable are in one curtilage and are both let to one person and assessed at one amount, the occupier would be liable for the payment of the rates in full, even if he makes no use of the stable. In the same way, the tenant of a house with all the rooms intercommunicating throughout, but who prefers to inhabit one room, the remainder of the rooms being entirely unoccupied and disused, is the rateable occupier of the entire house.

No person can be rated for any hereditament from which no benefit arises from its use, such as an empty house or factory building which are completely unoccupied and untenanted, and for which tenants are invited, i.e. hereditaments which are *bona fide* empty. (*Bootle Overseers v. Liverpool Warehouse Co.*, 1901, 17 T.L.R. 550.) Premises such as riverside bungalows and seaside kiosks or shops which are entirely closed during the winter months and

only occupied during the summer, should be rated as occupied throughout the year.

The usual working rule is that so long as there is some furniture or tenant's fixtures, or even some coal retained in the coal cellar, the premises can be said to be in occupation, but generally no occupation exists where a person takes a house and pays the rent until he places his furniture therein or otherwise performs some act of visible possession, e.g. sleeps or lives in it.

Compounding. Primarily the owner, unless he is also the occupier in possession, is not rateable; but in order to facilitate the collection of rates on small properties in certain cases the owner can be rated. Sects. 3 and 4 of the Poor Rate Assessment, etc., Act, 1869, are called the compounding sections of the Act, and the rating authority must decide by special resolution which of these two sections it will adopt; it cannot work under both of them. Sect. 3, which is called the permissive section, provides that in case of houses within the maximum rateable values fixed by the Act, the overseers *may* agree with the owner to receive the rates from him and allow him an abatement of 25 per cent of the rates. This arrangement or agreement must be in writing and properly stamped, and is conditional on the owner paying the rates whether occupied or not for a term of not less than one year from the date of the agreement.

Sect. 4 applies also to hereditaments of the same rateable value as Sect. 3, but in this case mandatory powers are given to the overseers, who may by special resolution order that the owners *shall* be rated instead of the occupiers, and shall receive an abatement of 15 per cent upon the amount of the rate, less such allowances for "empties" as have accrued. Sub-sect. 2 provides that if an owner gives notice in writing to the overseers that he is willing to be rated for not less a term than one year for *all* his properties, whether the same are occupied or not, the

overseers shall rate such an owner and shall allow him a further abatement not exceeding 15 per cent from the amount of the rate. The total allowance must not exceed 30 per cent, but in very few cases do the overseers allow the maximum deduction; $17\frac{1}{2}$ per cent and 25 per cent are the usual abatements. The overseers may rescind their order to rate the owners any day after giving six months' notice thereof.

Overseers are given statutory powers to collect the rents from the tenants where the owner is rated and omits to pay after the usual legal proceedings against the owner have failed. The usual procedure is to serve a notice upon the tenants affected by the owner's default calling upon them to pay their rents to the overseers, and collecting the debt by weekly instalments to the extent of the weekly rent until the claim, together with all the costs incurred, has been satisfied. The rate collector's weekly receipts is a sufficient discharge of the rent. (Poor Rate Assessment, etc., Act, 1869, Sects. 8 and 12.)

Apart from compounding rates, owners of certain properties may be specially rated. Under the Rating Act, 1874, Sect. 6 (2), the owner of sporting rights when severed from the land, i.e. let separately, may be rated; also under the Advertising Stations (Rating) Act, 1889, Sect. 3, where the person permitting the use of land for advertising purposes cannot be ascertained, the owner of the land may be rated.

Owners may also be rated under the Representation of the People Act, 1867, Sect. 7, which applies to parliamentary boroughs either in existence at the passing of the Act or created since 1867. (*R. v. Roberts*, 1914, 1 K.B. 369.)

In *Griggs v. Stevens* (1909, 74 J.P. 67), a house originally built for the occupation of one family was let to three tenants by a non-resident landlord. There was no structural division or severance between any of the tenements except that the basement tenement had a separate

entrance down some steps at the side of the main entrance, to the building. It was clearly a house let in lodgings or apartments, and the owner was ordered to be rated. In this instance the house had been erected prior to the passing of the Act of 1867 and not separately rated at that time, but it is thought that houses erected since 1867, used in the same way, are governed by this decision.

It is important to note that such a house must be wholly let out in lodgings or apartments; if one room is let as a workroom or an office, or the owner retains the use of a room for himself, the owner cannot be rated under the Act of 1867. In *R. v. Roberts* (1915, 3 K.B. 313) it was held that in such cases the owner could not be rated and that the Local Government auditor was wrong in disallowing commission given to the owner under Sect. 3 of the Poor Rate Assessment, etc., Act, 1869.

The word "owner" in Sect. 7 of the Act of 1867 (*ante*) does not include the agent who collects the rents for the owner, and he must not therefore be rated. (*Nokes v. Strong*, 1909, 2 K.B. 625.)

The rating of tenement houses always presents much difficulty when the house was not originally constructed as such but has been converted into flats by the owner. The chief point to be considered is: Is each flat or tenement disconnected or severed by a fixed partition or wall from the other flats or tenements, i.e. can separate access be given to the flat without passing either through or by the adjoining tenement; e.g. a house consisting of three floors of the half basement type and possessing two entrances can easily be structurally severed by permanently closing or blocking up the usual internal staircase leading up from the half basement; and provided both portions of the house are supplied with the ordinary domestic and sanitary conveniences, the house could then be described as consisting of two flats, each flat being self-contained and therefore separately rateable.

In *Allchurch v. Hendon* (1891, 2 Q.B. 436) it was held that in a house not structurally severed but expressly built for the occupation of two tenants, each having exclusive occupation of his part, each tenant should be separately assessed. The overseers "must not only look at the outside of a house, but they must go into the house, or inquire into the state of the house, and they must rate people according to their true and legal rights in respect of that which they occupy" (per Lord Esher, at p. 442). This decision seems to lay down a rule that if a house is let in parts direct to the tenants thereof, each tenement or part occupied is separately rateable, but see *Stamper v. Sunderland* (post); *Griggs v. Stevens* (ante). Apparently it is the general practice to insist on some measure of severance between each tenement before rating it separately, unless, of course, the house was originally designed and built as tenements as in *Allchurch v. Hendon* (ante).

No question of separating or dividing the assessment arises when a person rents the whole of a house and sublets part or parts of it and retains control of the outer door.

New houses and buildings. New houses and buildings are usually inserted in a supplemental valuation list during the currency of one rate and after complying with the requirements of the Union Assessment Committee Acts, such houses are rated at the commencement of the succeeding rate. Overseers, however, are empowered by Sect. 38 of the Poor Law Amendment Act, 1868, to enter such a new house or building with the name of the occupier at such an assessment as they think equitable at the end of the rate book; provided they afterwards send a supplemental valuation list containing such entries to the assessment committee. The ratepayer's liability commences only from the date of the entry in the rate book, and not from the date of his occupation. •

This power of entering properties in the rate book during the currency of the rate does not apply to the metropolis;

there the rating authorities cannot charge rates on new properties until they have come into operation by means of a provisional valuation list.

Recovery of the poor rate. Payment of the poor rate is enforced by obtaining a distress warrant from either two justices or a stipendiary, i.e. police magistrate, and in default thereof, e.g. insufficient goods by imprisonment for a term not exceeding three months on a committal order (Poor Relief Act, 1601, Sect. 2; Distress for Rates Act, 1849, Sect. 2).

No proceedings for the recovery of a poor rate can be taken until after the expiration of seven days from service of the demand note (Poor Relief Act, 1814, Sect. 12), and it is no defence on the part of the ratepayer to defer payment on the ground that an objection against the assessment is pending, or that he has not received a "final notice." The rates are recoverable in accordance with the amounts shown in the rate book, the only deductions or abatements generally permitted being—

(a) Excusals on the ground of poverty by the justices and acquiesced in by the overseers (Poor Relief Act, 1814, Sect. 11); or

(b) where the ratepayer has not been in occupation for the period covered by the rate; or

(c) that he is not the "occupier"; or

(d) in a case where the occupier's name was not inserted in the rate when made and was subsequently illegally inserted therein.

The rate collector must swear to the service of the rate demand and produce the rate book to the Court in support of his claim.

A committal order can only be executed, i.e. the defaulter arrested, within the administrative area of the justices or magistrate granting the order. Sect. 33 of the Criminal Justice Administration Act, 1914, however, provides that the Summary Jurisdiction Acts relating to the endorsing

of warrants are to apply to proceedings for the non-payment of any rate. When the original warrant has been endorsed by the justices or magistrate, acting for the area to which the defaulter may have removed, he may thereupon be arrested. (See *McCreagh v. Cox and Shillito*, v. *Hinchcliffe*, Appendix III).

II. THE BOROUGH RATE.

The Municipal Corporations Act, 1882, Sect. 139, established a borough fund in every municipal borough, and if that fund is insufficient for the expenses chargeable thereto, the town council, under Sect. 144 of the Act, may order a borough rate to be made, and may assess the contributions thereto from each parish situated in the borough in proportion to the annual value of each parish, as shown by the poor rate valuation list.

By the Agricultural Rates Act, 1896, Sect. 3, parishes are now chargeable on their "assessable value," instead of annual value, less any allowances in respect of agricultural land. However, there is some doubt as to whether this rule only applies to boroughs comprising two or more parishes, but in practice the same rule is made applicable to areas of a borough which are not parishes.

All expenditure of a corporation or borough is chargeable to the borough fund, but the maintenance of the roads, highways, sewers, and sewage deposit works, parks, fire brigade, and other matters incidental to the Public Health Acts are chargeable to the district fund, i.e. general district rate.

The borough rate is charged in accordance with the poor rate valuation list in force at the making of the rate, and is usually levied with the other local rates on one demand note by the corporation rate collector.

III. THE GENERAL DISTRICT RATE. (Outside the metropolis.)

The expenses incurred by all urban authorities (not

being municipal corporations) in administering the Public Health Act, 1875, are defrayed out of the general district rate. Sect. 209 of that Act empowers urban sanitary authorities to establish a "district fund" and "to make a rate under their seal which is to be called the 'general district rate.'"

The rate may be made to cover expenditure prospectively or retrospectively incurred within six months of the making of the rate. Public notice of the intention to make a rate must be given at least seven days before the rate is made, and the statement of the proposed rate must be open to inspection. The rate operates from the day it is sealed by the council, and no formal "allowance" is made by the justices as in the case of the poor rate. This rate is made and levied on the occupier of all kinds of property assessable to the poor rate, and is to be assessed on the poor rate valuation list, or if there is none, by the preceding poor rate.

There are a few important differences in the incidence of the general district rate and that of the poor rate, mostly concerning the question of compounding and allowances in respect of land.

Sect. 211 of the Public Health Act, 1875, states that the owner instead of the occupier may at the option of the urban authority be rated in cases---

(a) where the rateable value of any premises liable to assessment does not exceed £10; or

(b) where the premises so liable are let to weekly or monthly tenants; or

(c) where the premises so liable are let in separate apartments, or where the rents become payable or are collected at any shorter period than quarterly.

Where the owner is rated instead of the occupier he is to be assessed as the urban authority deem reasonable, at not less than two-thirds nor more than four-fifths of the net annual value. Where the rates are to be paid whether

the houses or tenements concerned are occupied or unoccupied, the owner is not liable for rates on more than one-half of the net annual value.

The general district rate on tithes, tithe commutation rent charge, land used as arable, meadow or pasture ground only, woodlands, market gardens, nursery grounds, land covered with water, i.e. reservoirs, covered or open, or land used as a canal or towing path for the same, or as a railway constructed under an Act of Parliament for public conveyance, is assessed only on one-fourth of the net annual value.

The product of the general district rate is less than the income of the poor rate made on the same assessments at the same rate in the £ in that the assessable value, i.e. the rateable value less the statutory deductions of one-fourth, etc., are less than the poor rate; in this latter case the assessable value is the rateable value less 50 per cent of agricultural land only, as the allowances to owners under Sects. 3 and 4 of the Poor Rate Assessment, etc., Act, 1869, are made on payment of the rate in the form of a discount, the charge or demand being made at the full rateable value of the properties concerned.

The reduction of one-fourth on railway assessments only applies to their running lines, turntables, and sidings, and does not include the railway stations or warehouses. Canals and reservoirs, not being agricultural land, do not receive any abatement from the poor rate. There is no power to insert new houses or buildings in the general district rate book erected during the currency of the rate, as in the case of the poor rate (Poor Law Amendment Act, 1868, Sect. 38).

The provisions of the Land Clauses Consolidation Act, 1845, Sect. 133, with regard to the payment of the deficiency in the rate owing to the demolition of various rateable properties pending the construction of the new undertaking by the promoters, do not apply to the general district rate.

Unpaid rates are recovered under Sect. 256 of the Public

Health Act, 1875, which provides that if rates are unpaid for 14 days after their demand in writing, the defaulter may be summoned before a Court of Summary Jurisdiction, and if the defaulter either fails to appear, or if an insufficient cause for non-payment is shown, the Court may make an order for payment and on non-compliance with such order a distress warrant may be issued.

In the case of the poor rate, legal proceedings for the recovery of unpaid rates are conducted under the Distress for Rates Act, 1849, and the Poor Rates Recovery Act, 1862. No order for payment is made as in the case of the general district rate, but payment is enforced by distress and imprisonment. Urban rates are assumed to be civil debts and on failure of distress, a warrant of commitment will only follow on proof of means, as in the case of a judgment summons.

An urban authority may reduce or remit the payment of the rate on account of poverty without the consent of the justices as is required in the case of the poor rate.

Generally, all rates made and collected under the Public Health Act, 1875, are to be published in the same manner as poor rates, and are to commence and be payable at such time or times, manner and form and collected by such persons separately or with any other rate or tax as the urban authority may from time to time appoint.

IV. THE GENERAL RATE. (In the metropolis.)

The general rate which only obtains in the metropolis (Administrative County of London) is to all intents and purposes the poor rate and the general district rate combined. The statutory authority for its name is the London Government Act, 1899, Sect. 10, which provides that it shall be assessed, made, collected, and levied by the borough councils, and that all enactments referring to the poor rate shall equally apply to the general rate. The regulations of the Public Health Act, 1875, as to

compounding and allowances on land and railways (running lines) which affect the general district rate therefore do not apply to the general rate.

Practically the only difference existing between the poor rate and the general rate is that, in London, the power of including new buildings in the poor rate book by the overseers during the currency of the rate is changed to that new buildings erected during the currency of a rate can only be added to the general rate book by first including them in a provisional valuation list.

Sect. 11 of the London Government Act, 1899, provides that borough councils shall also act as overseers, and that the borough councils where the borough area is coterminous with that of a Poor Law union shall also appoint the assessment committee. Where there are two or more borough council areas contained in one poor law union, the assessment committee is still appointed by the board of guardians. The general rate is levied on one demand note, and for the sake of obtaining uniformity throughout the metropolis, the essentials of the demand note are provided by Sect. 11, Sub-sect. 3, of the Act of 1899 (*ante*) as follows—
(a) rateable value of premises ; (b) rate in the £ ; (c) period for which rate is made ; (d) several purposes for which the rate is levied ; (e) approximate amount in the £ required for each purpose, including the cost of collection ; (f) particulars of equalization charge.

Under Sect. 1 of the London (Equalization of Rates) Act, 1894. the London County Council establishes a fund equal to a rate of 6d. in the £ on the total rateable value of the metropolis, which is distributed to the boroughs in proportion to their population.

V. THE COUNTY RATE.

The county rate is a general fund originally created to combine all the numerous separate rates which at one time existed, into one rate, called the county rate. The

controlling Act is the County Rates Act, 1852, but this has since been amended by the Local Government Acts of 1888 and 1894, as well as the Agricultural Rates Act, 1896.

The county rate basis was formerly prepared by a committee of justices appointed at the quarter sessions, but is now, outside London, prepared by the county councils. For the purpose of preparing the basis or standard, the county council may order the overseers of all parishes within the county area to make returns showing the net annual value of all the property in their respective parishes as evidenced by the poor rate valuation list, which must be produced if required. The county authorities have also the power to make a new valuation of the whole or any part of a parish if they so desire.

After the "basis" has been confirmed, any overseer or inhabitant of a parish, etc., who is dissatisfied therewith after receiving the authorization of a parish or vestry meeting may appeal to quarter sessions. Apparently the appeal is limited to the point that the appellant's parish is over assessed, or some other parish is under assessed.

An appeal against the county rate can also be made by the overseers (but not apparently by any inhabitant), if they think that their parish is aggrieved thereat on account of the proportion at which the parish is charged by reason of the inequality of the incidence or assessment. The usual objection is that when the assessment of some large local undertaking, such as railways, has been reduced by the poor rate valuation list, the county rate has been estimated on the old or unrevised assessment appearing thereon.

In London, the county rate is based on the totals of the rateable values of the various valuation lists, including the annual values in respect of which the Government make contributions in lieu of rates. (See *Consett v. Durham* in Appendix III, *post.*)

VI. SPECIAL EXPENSES RATE.

Another rate which is frequently levied outside London is a rate for special expenses under the Public Health Act, 1875 Sect. 229. This is commonly called a "special expenses rate," and is levied on the lines of the poor rate. This rate is usually made in respect of the drainage or water supply of a portion of a rural area, and is levied throughout the special expenses area as laid down by the Ministry of Health.

CHAPTER IV

THE POOR RATE. PART I

SOME GENERAL PRINCIPLES GOVERNING LIABILITY THERE TO

I. GENERAL LIABILITY.

THE Act of 1601, Sect. 1, as amended by the Poor Rate Exemption Act, 1840, and the Rating Act, 1874, authorizes the overseers of each parish by and with the consent of two justices of the peace to raise money for the relief of the poor by "taxation of every parson, vicar, and other, and of every occupier of lands, houses, tithes impropriate or appropriations of tithes, coal mines, or saleable underwoods in the said parish in such competent sum and sums of money as they shall think fit." Woodlands, mines other than coal mines, and sporting rights not rateable under the Act of 1601 were made rateable by the Rating Act, 1874, Sect. 3. The Advertising Stations (Rating) Act, 1889, Sect. 3 in addition, met the difficulty which had arisen of determining who was the right person to be rated for land used for advertising purposes.

The Act of 1601 did not direct the method of apportionment amongst the ratepayers of the sum required by the overseers, though it would appear that each person was to be assessed according to his ability to pay as evidenced by his possession of property both real and personal. In the case of personal property rates were usually levied on stock-in-trade, and though in 1836 the Parochial Assessments Act was passed in order to establish a uniform system of rating, yet it was still held that personal property was rateable, and the Poor Rate Exemption Act was passed in 1840, which said that "it shall not be lawful for

the overseers of any parish, township, or village to tax any inhabitant thereof, as such inhabitant, in respect of his ability derived from the profits of stock-in-trade or any other property, for or towards the relief of the poor." (Sect. 1.)

With some exceptions, the poor rate is generally assessed upon the occupier.

What is an occupier? "Occupation includes possession as its primary element. . . . Legal possession does not of itself constitute an occupation. The owner of a vacant house is in possession, and may maintain trespass against anyone who invades it, but so long as he leaves it vacant he is not rateable for it as an occupier. If, however, he furnishes it, and keeps it ready for habitation whenever he pleases to go to it, he is an occupier, though he may not reside in it one day in a year. On the other hand, a person who, without having any title, takes actual possession of a house or piece of land, whether by leave of the owner or against his will, is the occupier of it. Another element, however, besides actual possession of the land, is necessary to constitute the kind of occupation which the Act contemplates, and that is permanence. An itinerant showman who erects a temporary structure for his performances, may be in exclusive actual possession, and may, with strict grammatical propriety, be said to occupy the ground on which his structure is placed, but it is clear that he is not such an occupier as the statute intends." (*R. v. St. Pancras*, 1877, 2 Q.B.D., at p. 588.)

In many trades the trader must necessarily contemplate the occupation for considerable periods of parts of his premises as spare room. If and so long as he uses the premises for the purposes of his business, he is in occupation of them for rating purposes. (*R. v. Melladew*, 1907, 1 K.B., at p. 204.)

Rateable occupation which must be exclusive and beneficial, is then the main ground of liability to the poor

rate. The true test of beneficial occupation is not whether a profit could be made, but whether the occupation is of value. (*L.C.C. v. Erith*, 1893, A.C. 562.)

Occupation by a caretaker. A mere caretaker who lives with his family in a house rent free on condition of showing it to people likely to become tenants, and of going out on request is not the rateable occupier. (*Yates v. Chorlton-upon-Medlock*, 1883, 47 J.P. 630.) A school matron is in the same position. (*R. v. Field*, 1794, 5 T.R. 587.)

If a servant is a mere caretaker, put in to preserve and guard the house from depredation pending its sale or letting to a tenant, the master is not liable to be rated, because the master is not in beneficial occupation, but where a person is in occupation of a house for the purpose of carrying on his duties as servant of his master, and such occupation was not part of his remuneration, such occupation is that of his master, who is liable to be rated. (*Bertie v. Walthamstow*, 1904, 68 J.P. 545.)

But where a house is unoccupied but the gardens, stables, and meadow attached thereto are occupied, it was held that rates in respect of the house could not be enforced. (*Langford v. Cole*, 1910, 74 J.P. 229.)

If, therefore, the owner makes no use whatever of a house and leaves it entirely empty, he is not rateable, but if he keeps some furniture there he is rateable. Where the owner keeps no furniture or other chattels in the house, but merely a caretaker residing in it to protect it, as his agent for the purpose of showing it to intending tenants, then the caretaker cannot be rated; in these cases neither the owner nor the caretaker is rated. But the caretaker must be restricted to a certain portion of the house, e.g. three rooms out of ten, and he must not cultivate the garden or cause the whole of the house to bear a fully occupied appearance.

The rating officials usually insist on the caretaker displaying a bill "to let," otherwise permanent occupation

might be inferred, and there must be some evidence that he is the servant and not the tenant. If he pays rent for his rooms, he would obviously be rateable.

Where the owner of a house, besides putting in a caretaker, leaves furniture there, he is rateable because of the use thus made of the house apart from the question of occupation by the caretaker. (*Bursledon v. Clarke*, 1897, 61 J.P. 261.)

Rateability of unlet premises. In *Liverpool v. Chorley* (1913, A.C. 197) a municipal corporation bought land which formed a gathering ground for water which flowed naturally therefrom to reservoirs belonging to the corporation. They let the sporting rights over the land, but otherwise kept it unlet and vacant in circumstances which showed an intention to maintain a constant control over the land for the purpose of conserving their water supply. It was held that the corporation were in rateable occupation of the land, the use of it as a gathering ground for their commercial gain, and as a game preserve being sufficient to turn their possession into beneficial occupation, so as to render them rateable in respect of it.

Unoccupied property if *wholly* unoccupied is not rateable. In *Southend v. White* (1901, 65 J.P. 7) the respondent had a lock-up shop on the pier which he used during the summer season. Before the winter he removed all the stock, leaving certain shelves and mirrors in the shop, which was then locked up and left unoccupied. It was held that the respondent was liable to be rated for the time the shop was left shut up.

The Test of rateability of unlet premises. The primary test of the rateable value of any premises is the rental which a hypothetical tenant, doing his own repairs, would give for them. This test is inapplicable where the building is not of a character which any hypothetical tenant would be supposed to rent, e.g. town halls, fire stations, sewers, the schools of an education authority, etc. In these latter

cases the basis most frequently adopted is what is called the contractor's test, i.e. a certain rate of interest on the cost of construction, which the contractor would charge the local authority for the construction of the building, e.g. the rent which the local authority would be prepared to pay to any person who supplied a town hall to them.

In the case of railways, canals, electricity, gas and water undertakings, theatres, public-houses and hotels, cinemas, assessment is on the basis of profits.

Theatres. The owner is deemed to be the occupier. Theatres and places of entertainment, even when unlet, i.e. no performances being given, are held to be occupied from the fact that the necessary furniture and appliances are within them. In making an assessment, especially in London, the liability of a theatre to be empty is a contingency taken into consideration.

In *Norwich v. Pointer* (1922, 2 K.B. 471) the Court of Appeal agreed in supporting a decision of the Norwich Quarter Sessions, which adopted a different method of assessing the rateable value of a pig butchery business. There was one other instance of the same class of premises in the same union, and the occupier tendered evidence of its assessment as a guide to the rateable value of his own, which evidence was accepted. The cost of construction was disregarded altogether as not applicable in a case where more direct evidence of value was available.

Public buildings, e.g. council offices, should be valued by comparison with neighbouring premises and not on the contractor's principle. (*Glasgow P.C. v. Glasgow Assessor*, 1914, S.C. 651.)

II. SOME EXEMPTIONS FROM LIABILITY TO THE POOR RATE.

1. **Crown property and property occupied by public administration.** "The Crown, not being named in the Statute of Elizabeth, is not bound by it; and consequently

the overseers cannot impose a rate on the Sovereign in respect of lands occupied by [His] Majesty, nor on those occupied by [his] servants for [His] Majesty.

“The exemption depends entirely on the occupier and not on the title to the property. The tenants of Crown property, paying rent for it, are rateable, like all other occupiers; and it has even been determined that where apartments in Hampton Court, a royal palace, were gratuitously assigned to a subject, who occupied them by permission of the Sovereign, but for the subject's benefit, the subject was rateable in respect of her occupation of the royal property. (*R. v. Ponsonby*, 1842, 3 Q.B. 14.) On the other hand, where a lease of private property is taken in the name of a subject, but the occupation is by the Sovereign or [His] servants on [His] behalf, the occupation being that of [His] Majesty, no rate can be imposed. (*Amherst v. Somers*, 1788, 2 T.R. 372.)

“So far the ground of exemption is perfectly intelligible; but it has been carried a good deal further, and applied to many cases in which it can scarcely be said that the Sovereign or the servants of the Sovereign are in occupation. A long series of cases have established that where property is occupied for the purposes of the government of the country, including under that head the police, and the administration of justice, no one is rateable in respect of such occupation. And this applies not only to property occupied for such purposes by the servants of the great departments of State, such as the Post Office (*Smith v. Birmingham*, 1857, 7 E. & B. 483); the Horse Guards (*Amherst v. Somers (ante)*); or the Admiralty (*R. v. Stewart*, 1857, 8 E. & B. 360)—in all which cases the occupiers might strictly be called the servants of the Crown; but also to property occupied by local police (*Lancashire J J. v. Stretford*, 1858, E.B. & E. 230); to county buildings occupied for the Assizes, and for the Judges' lodgings (*Hodgson v Carlisle*, 1857, 8 E. & B. 116), or occupied

as a county court (*R. v. Manchester*, 1854, 3 E. & B. 336), or for a gaol (*R. v. Shepherd*, 1841, 1 Q.B. 170)." (Mersey Docks v. Cameron, 1865, 11 H.L. Cas., at p. 463).

Although Crown property is exempt from rating, it is the practice of the Government to make a contribution in lieu of rates to local authorities for all State property, and the amount of the contribution is based upon such a sum as the property would be rated at; this amount is fixed by the Treasury rating surveyor, against whose decision as to value there is no appeal. It is usual to embrace all Government property in the rate book apart from the rest of rateable property, but the whole of the exempted property should be included in the total rateable value of the parish or borough, and care should be taken not to make out the ordinary demand notes. The Treasury annually supply local authorities with forms enabling detailed information as to the rate in the £ and the situation, etc., of the Crown property to be furnished to them.

Certain Crown property is rateable, e.g. under Sect. 22 of the Telegraph Act, 1868, property acquired by the Postmaster-General under the Act is rateable at sums "not exceeding the rateable value at which such land, property, and undertakings were properly assessed or assessable at the time of such purchase or acquisition," but it appears the Postmaster-General cannot be compelled to pay the rates on such property. (*R. v. Postmaster-General*, 1873, 28 L.T. 337.) Again, under the Military Forces Localisation Act, 1872, Sect. 11, land acquired is rateable if rates were payable before acquisition; also, too, under the Defence Act, 1860, Sect. 33.

The occupation of property for public purposes other than those of the general administration is rateable, although no pecuniary profit results therefrom to the occupier, e.g. an education authority is rateable for its school, a local authority for its sewers (*L.C.C. v. Erith*, 1893, A.C. 562; *West Kent Main Sewerage Board v.*

Dartford, 1911, A.C. 171), guardians for their workhouses. But property vested in a local authority subject to exercise of rights of the public, e.g. a park, is not rateable. (*Lambeth v. L.C.C.*, 1897, A.C. 625.)

Ambassadors' residences, etc. Under the Diplomatic Privileges Act, 1708, Sect. 3, ambassadors, etc., and their servants are exempt from legal process and their goods from distraint, therefore there is no way of enforcing the rates. The Treasury usually pay the rates in such cases.

2. Scientific, literary, and art societies. No person or persons shall be assessed or rated, or liable to be assessed or rated, or liable to pay, to any county, borough, parochial, or other local rates or cesses, in respect of any land, houses, or buildings, or parts of houses or buildings, belonging to any society instituted for purposes of science, literature, or the fine arts exclusively, either as tenant or as owner, and occupied by it for the transaction of its business, and for carrying into effect its purposes, provided that such society shall be supported wholly or in part by annual voluntary contributions, and shall not, and by its laws may not, make any dividend, gift, division, or bonus in money unto or between any of its members, and provided also that such society shall obtain the certificate . . . as hereinafter mentioned. (Scientific Societies Act, 1843, Sect. 1.)

Such societies are to cause three copies of their rules of management to be submitted to the person appointed to certify the rules of friendly societies, who shall certify thereon that the society is entitled to exemption, or state his ground for withholding his certificate. (Sect. 2.)

Where there has been a refusal of such a certificate, the society may submit the rules to the quarter sessions by whom the same may be ordered to be filed, notwithstanding such refusal. (Sect. 5.)

An appeal may be made to quarter sessions by any person assessed to any rate from which any society is

exempted by reason of the granting of a certificate. (Sect. 6.)

3. Churches, chapels, and Sunday schools. No person or persons shall be rated or shall be liable to be rated, or to pay to any church or poor rates or cesses, for or in respect of any churches, district churches, chapels, meeting houses, or premises, or such part thereof as shall be exclusively appropriated to public religious worship, and which (other than churches, district churches, and episcopal chapels of the Established Church) shall be duly certified for the performance of such religious worship according to the provision of any Act or Acts now in force: Provided, that no persons shall be hereby exempted from any such rates or cesses for or in respect of any parts of such churches, etc., which are not so exclusively appropriated, and from which parts not so exclusively appropriated such person or persons shall receive any rent or rents, or shall derive profit or advantage. (Poor Rate Exemption Act, 1833, Sect. 1.)

No person or persons shall be liable to any such rates or cesses because the said churches, etc., or any vestry rooms belonging thereto, or any part thereof, may be used for Sunday or infant schools, or for the charitable education of the poor. (Sect. 2.)

The churches, chapels, and premises, if not belonging to the Established Church, must have been certified under the Places of Worship Registration Act, 1855.

In regard to mission halls and buildings not exclusively devoted to religious purposes, it is the common practice of local authorities not to assess such buildings, provided they are used for purposes ancillary to the church or to which admission is free and no profit is made, or again, if not used for purposes unconnected with the church, e.g. a political meeting or concert.

Every authority having power to impose or levy any rate upon the occupier of any building or part of a building used

exclusively as a Sunday school or ragged school may exempt such building or part of a building from any rate for any purpose whatever which such authority has power to impose or levy: Provided, that nothing in this Act contained shall prejudice or affect the right of exemption from rating of Sunday or infant schools, or for the charitable education of the poor in any churches, district churches, chapels, meeting houses, or other premises, or any vestry rooms belonging thereto, or any part thereof, by virtue of the Poor Rate Exemption Act, 1833. (Sunday and Ragged Schools (Exemption from Rating) Act, 1869, Sect. 1.)

A "Sunday school" shall mean any school used for giving religious education gratuitously to children and young persons on Sunday, and on week days for the holding of classes and meetings in furtherance of the same object, and without pecuniary profit being derived therefrom.

A "ragged school" shall mean any school used for the gratuitous education of children and young persons of the poorest classes, and for the holding of classes and meetings in furtherance of the same object, and without any pecuniary benefit being derived therefrom except to the teacher or teachers employed. (Sect. 2.)

Under the Sunday and Ragged Schools, etc., Act, 1869, Sect. 1, which enacts that every authority having power to impose rates "may exempt" a building used as a Sunday or ragged school from any rate, the rating authority has a discretion whether they will or will not exempt such building. (*Bell v. Crane*, 1873, L.R. 8 Q.B. 481.)

4. Voluntary schools. No person shall be assessed or rated to or for any local rate in respect of any land or buildings used exclusively or mainly for the purpose of the schoolrooms, offices, or playground of a public elementary school not provided by the local education authority, except to the extent of any profit derived by the managers of the school from the letting thereof.

In this section the expression "local rate" means a rate

the proceeds of which are applicable to public local purposes and which is leviable on the basis of an assessment in respect of the yearly value of property, and includes any sum which, though obtained in the first instance by a precept, certificate, or other instrument requiring payment from some authority or officer, is or can be ultimately raised out of a local rate as before defined. (Education Act, 1921, Sect. 167.)

A school boarding house is, however, not exempt. (*Patriotic Fund Commissioners v. Wandsworth*, 1903, 67 J.P. 311.)

III. SOME PARTIAL EXEMPTIONS.

1. **Agricultural land.** The occupier of agricultural land shall be liable to pay one-half only of the rate in the £ payable in respect of buildings and other hereditaments (Agricultural Rates Act, 1896, Sect. 1), as far as the poor rate is concerned.

The expression "agricultural land" means any land used as arable, meadow, or pasture ground only, cottage gardens exceeding one-quarter of an acre, market gardens, nursery grounds, orchards, or allotments, but does not include land occupied together with a house as a park, gardens, other than as aforesaid, pleasure grounds, or any land kept or preserved mainly or exclusively for purposes of sport or recreation, or land used as a racecourse. (Sect. 9.)

A new bill is now before the House, and if enacted before the book goes to press will be included in the Appendix.

2 **Land attached to a benefice.** By the Tithe Rentcharge (Rates) Act, 1899, Sect. 1, the tithe rentcharge attached to a benefice is allowed the same abatement as agricultural land under the Act of 1896 (*ante*), and during the same period.

Statute has conferred upon various kinds of property some form of exemption from payment of rates, e.g. burial grounds, light railways, canals, and persons liable to repair highways.

IV. WHEN OWNERS ARE LIABLE.

1 **Tithe owners.** Parsons and vicars are rateable in respect of the tithes received by them, and also lay and spiritual impropriators (Act of 1601, Sect. 1.) A tithe rentcharge as defined by the Tithe Act, 1891, Sect. 9 (2), is rateable in the hands of the owner.

2 **Metalliferous mines.** The lessor of a mine other than a coal mine where the royalty or dues are wholly reserved in kind. (Rating Act, 1874, Sect. 13; see also Sects. 8 and 9.)

3 **Allotments.** The Allotments Act, 1922, Sect. 17, provides—

(1) A council providing land for allotments, whether under the Allotments Act or otherwise may, by notice to the authority by which any rate is levied, require that the council shall be assessed to the rate as the occupiers of the land, notwithstanding that the land or part thereof may be let, and in such case the council shall, for the purposes of any rate levied by that authority and made after the notice is given and before the notice is withdrawn, be deemed to be the occupiers of the land.

(2) The foregoing Sub-section shall apply to an association providing land for allotments in like manner as it applies to a council, if at the request of the association the authority by which the rate is levied agrees that it shall so apply.

4 **Advertising stations.** “The person who shall permit the same to be so used, i.e. for the exhibition of advertisements, or (if he cannot be ascertained) the owner thereof, shall be deemed to be in beneficial occupation of such land or part thereof, and shall be rateable in respect thereof . . . according to the value of such use.” (Advertising Stations (Rating) Act, 1889, Sect. 3.)

5 **Small tenements.** The occupier of any rateable hereditament let to him for a term not exceeding three months shall be entitled to deduct the amount paid by him in

respect of any poor rate assessed upon such hereditament from the rent due or accruing due to the owner, and every such payment shall be a valid discharge of the rent to the extent of the rate so paid. (Poor Rate Assessment Act, 1869, Sect. 1.)

Where houses are rated at £20 in the metropolis, £13 in Liverpool, £10 in Manchester and Birmingham, and £8 if situate elsewhere, and the owner is willing to enter into an agreement in writing with the overseers to become liable to them for the poor rates assessed on such houses, for any term not less than one year, and to pay whether the premises are occupied or not, the overseers *may*, subject to the control of the vestry, agree to receive the rates from the owner, and to allow him a commission not exceeding 25 per cent. (Sect. 3.) But *see* Increase of Rent, etc., Act, 1920, p. 58.

The vestry, i.e. the borough council, may from time to time order that the owners of all rateable hereditaments to which Sect. 3 of the Act extends shall be rated to the poor rate in respect of such hereditaments instead of the occupiers on all rates made after the date of such order, subject to the following ---

(1) The overseers shall rate the owners instead of the occupiers, and shall allow to them a deduction of 15 per cent from the amount of the rate.

(2) If the owner of one or more such hereditaments shall give notice to the overseers in writing that he is willing to be rated for any term not being less than one year in respect of such houses of which he is the owner, whether the same be occupied or not, the overseers shall rate such owner accordingly, and allow to him a further deduction not exceeding 15 per cent from the amount of the rate during the time he is so rated.

(3) The vestry may by resolution rescind any such order after a day to be fixed by them, such day being not less than six months after the passing of such resolution, but

the order shall continue in force with respect to all rates made before the date on which the resolution takes effect.

Provided that this clause shall not be applicable to any rateable hereditament in which a dwelling house shall not be included. (Sect. 4.)

This power, to compound with owners of small tenements is extended to the highway rate by the Highway Rate, etc., Act, 1882, Sect. 3.

6. Houses let out in tenements, i.e. lodgings or apartments. Where in a parliamentary borough a house is wholly let out in apartments or lodgings not separately rated on 15th August, 1867, the owner, if not resident therein, is rateable for the whole house. (Representation of the People Act, 1867, Sect. 7.)

Several persons each occupied a room in a six-roomed house in a parish in a parliamentary borough, and had the use in common of the street door, passages, staircase, and domestic conveniences; the owner did not occupy any part of the premises, nor retain any control over the tenants, each of whom had the exclusive possession of his own room. At the time of the passing of the Act of 1867, the owner was rated in respect of the whole house instead of the occupiers. After the passing of the Act of 1867, the overseers made a rate in which each of the occupiers was separately rated. It was held that the owner and not the several occupiers were rateable, for that the house came within the exception in Sect. 7. (*Stamper v. Sunderland*, 1868, L.R. 3 C.P. 388.)

Sect. 7 of the Act of 1867 is not affected by the provisions of the Act of 1869; it is not limited to the cases in which owners of tenements of not more than a certain rateable value might, at the option of the vestry, be rated instead of the occupiers, certain deductions being allowed them from the rate; and it only applies when the apartments or lodgings in which the dwelling house is let out

were not separately rated at the passing of the Act. Consequently the owner must be rated in respect of such house to the full amount of the rate, *without any deduction*. (*White v. Islington*, 1909, 1 K.B. 133.)

Sect. 7 of the Act of 1867 is not a mere saving for the rateability of the owner of a house which is let in lodgings properly so-called, and of which the owner is consequently in law the occupier, but extends to cases where the house is let in apartments to independent occupiers. (*Griggs v. Stevens*, 1909, 74 J.P. 67.)

The words "all boroughs" in the Act of 1867, Sect. 7, include all future boroughs. (*R. v. Roberts*, 1914, 1 K.B. 369.)

A dwelling house is not wholly let out in apartments or lodgings when one of the rooms is let either as a workshop or as an office. (*R. v. Roberts*, 1913, 3 K.B. 313.)

7. Self-contained flats. Flats which are occupied by separate tenants are separately rateable. (*R. v. St. George's*, 1871, L.R. 7 Q.B. 90.) In *Allchurch v. Hendon* (1891, 2 Q.B. 436) a house which was not structurally severed was let partly to one tenant and partly to another, each having the exclusive occupation of the part let to him. There was a staircase leading from the front door to the upper rooms and a joint user of the front garden and back yard. It was held that each was the occupier of a separate tenement capable of being rated, and each should be rated separately.

The owner may be liable, however, if the rateable value of each flat is within the minima of the compounding limits.

8. Sporting rights. Rating Act, 1874, Sects. 6 and 9 (see *post*).

CHAPTER V.

POOR RATE. PART II.

GENERAL PRINCIPLES RELATING TO BASIS OF ASSESSMENT

DETERMINATION OF RATEABLE VALUE.

1. **Outside the metropolis.** No rate for the relief of the poor shall be allowed by any justices, or be of any force, which shall not be made upon an estimate of the net annual value of the several hereditaments rated thereunto; that is to say, of the rent at which the same might reasonably be expected to let from year to year, free of all usual tenants' rates and taxes, and tithe commutation rent charge, if any, and deducting therefrom the probable average annual cost of the repairs, insurance, and other expenses, if any, necessary to maintain them, in a state to command such rent. (Parochial Assessment Act, 1836, Sect. 1.)

This net annual value is commonly called the rateable value, as distinguished from the gross value.

The rent stated is the gross estimated rental, and is defined by Sect. 15 of the Union Assessment Committee Act, 1862, to be "the rent at which the hereditament might reasonably be expected to let from year to year, free of all usual tenants' rates and taxes, and tithe commutation rent charge, if any."

2. **Within the metropolis.** The same principle as to the measure of rateable value applies as to that outside the metropolis by the Valuation (Metropolis) Act, 1869, Sect. 4 of which defines "gross value" to mean "the annual rent which a tenant might reasonably be expected, taking one year with another, to pay for an hereditament, if the tenant undertook to pay all usual tenants' rates and taxes,

and the commutation rent charge, if any, and if the landlord undertook to bear the cost of the repairs and insurance, and the other expenses, if any, necessary to maintain the hereditament in a state to command that rent."

"The term 'rateable value' means the gross value after deducting therefrom the probable annual average cost of the repairs, insurance, and other expenses as aforesaid."

In arriving at the valuation of a dwelling house to which the Increase of Rent, etc., Act, 1920, applies, the highest gross value that can be put upon it is not limited to the "standard" rent plus the highest increase of rent provided for by Sect 2 (1) of the Act of 1920, i.e. that Act does not affect the rateable value of the hereditaments to which it applies" (*Poplar v. Roberts*, 1922, 38 T.L.R. 499.) See *Pollock v. Invernesshire*, Appendix III.

The hypothetical yearly tenant. The rent actually paid is not the measure of value. "The real question is how the value is to be ascertained. The inquiry is not as to what rent is paid by the actual occupier. The mode of finding out the value is laid down in the Act, and it is to ascertain the rent which a tenant (not *the* tenant), taking one year with another, might reasonably be expected to pay; it is also implied that where the owner occupies he is to be considered as if he were a tenant. The directions given by the Act are equivalent to saying that one must look at all possible tenants, and the phraseology does not exclude an owner who himself occupies the premises. Therefore an owner in occupation of the premises is not excluded from consideration as a possible tenant." (*R. v. London School Board*, 1886, 17 Q.B.D., at p. 740.)

Existing circumstances as to condition. "The propriety of a poor rate can only be determined with reference to the facts found to be actually existing when it was made," Denman, C.J., in *R. v. Grand Junction R. Co.* (1844, 4 Q.B., at p. 35), in which it was held that the proper measure of rateable value was not the amount of the tolls

actually received, or which would have been received if all the carrying business had been performed by others, but the rent (after the deductions required by the Parochial Assessment Act, 1836) at which the railway might be reasonably expected to let to a yearly tenant, having the same powers and advantages as the company.

Small tenements. The gross estimated rental ought to be fixed by ascertaining the rent at which the house might reasonably be expected to let to a tenant in actual occupation from year to year free of the various tenant's payments specified in the Act of 1836, Sect. 1 ; and not by assuming a hypothetical tenant who did not himself occupy the house, but sublet it to weekly tenants, and therefore the deductions claimed in respect of voids, losses of rent, and cost of collection ought not to be made. (*Smith v. Birmingham*, 1888, 22 Q.B.D. 211, 703.)

Principle of *Staley v. Castleton*. Where property is wholly or partly out of use the rateable value is determined by the mode in which it is actually used.

The occupier of a cotton mill which, owing to the scarcity of cotton, is not kept at work, is liable to be rated to the poor rate upon the value of the mill used as a warehouse for storing the machinery used therein. (*Staley v. Castleton*, 1864, 33 L.J. M.C. 178.)

The owner of a silk mill, having given up working it himself, but retaining possession of it *in statu quo*, is rateable in respect of his occupation of the mill as a warehouse for his machinery and plant. (*Harte v. Salford*, 1865, 34 L.J. M.C. 206.)

Tenant from year to year. "A tenant from year to year is not a tenant for one, two, three, or four years, but he is to be considered as a tenant capable of enjoying the property for an indefinite time, having a tenancy which it is expected will continue for more than a year, but which is liable to be put an end to by notice." (*R. v. S. Staffordshire Waterworks*, 1885, 16 Q.B.D., at p. 370.)

"It is one thing to start with the assumption that you are dealing with a tenancy from year to year, and another thing to say that the hypothetical tenant, in calculating what he can reasonably pay as rent for the premises, is necessarily to assume that the tenancy would not last beyond a year. I think the possibility of its longer duration is one of the surrounding circumstances which the tenant from year to year would take into account." Cockburn, C.J., in *G. E. R. Co. v. Haughley* (1866, L.R. 1 Q.B., at p. 679).

Profits made by use of premises. Rent and not profit is the measure of rateable value, but in relation to business premises, the rent is invariably measured by the profit. "If the hereditaments are such as to afford peculiar facilities for carrying on any kind of business, that facility does, beyond all question, enhance the value of the occupation; but though the profits which may be reasonably expected to arise from such a business no doubt form an element in estimating the enhanced value of the occupation of the premises, the actual profits made do not form any element, except in so far as they afford evidence of what might be reasonably expected to be made from the occupation of premises affording facility for carrying on such a business. For instance, there can be no doubt that the annual rent of a shop in Cheapside is higher than the annual rent of a similar shop in a back street; and that the reason why tenants give a higher rent is because of the superior facility for carrying on business there. But the rent and the rateable value of the shop are quite independent of the amount of the shop-keeper's actual gains. The rateable value is the same whether the tenant is a flourishing trader or is carrying on business at a loss." Blackburn, J., in *Mersey Docks v. Liverpool* (1873, L.R. 9 Q.B., at p. 97).

But where a trade can only be carried on in a particular place, e.g. railways, mines, licensed houses, the actual profits made are among the matters which an intending tenant would consider, and they form the basis upon which

to calculate the rateable value.' (*Cartwright v. Sculcoates*, 1900, A.C. 150.)

Where a trade could be equally well carried on in some other property of the same class, there is no necessity to inquire into the profits actually made.

In assessing to the poor rate schools occupied by a school board, which can make no profit in a commercial sense as tenant of the schools, the school board itself ought to be considered as a possible tenant, and the gross and rateable values calculated by the rent which the board might reasonably be expected to pay for the premises for use as schools. (*R. v. London School Board*, 1886, 17 Q.B.D. 738.)

Where neither rents nor profits are available as evidence for the estimation of rateable value, e.g. a school, a percentage of the capital value of the site and buildings is often taken as some evidence for that purpose.

Evidence of trade and profits. In assessing the value of a licensed public-house for the poor rate, the existence of the licence and the amount of the trade which can be and has actually been carried on there are elements to be considered in order to arrive at the rent at which the house may reasonably be expected to let. Evidence of these facts is always admissible, and may be necessary where the ordinary evidence of market value by comparison with other public-houses is not to be had. Evidence of profits made is also admissible, but an inquiry into profits should be avoided where possible, because it is regarded as inquisitorial and oppressive. These are not rules of law but matters of practice and common sense, and it is not expedient to lay down rules about them. (*Cartwright v. Sculcoates*, 1900, A.C. 150.)

Deductions from rental value. 1. Usual tenants' rates and taxes when paid by the landlord. Neither the land tax nor income tax is a tenant's tax. Water rate if included in the rent, though not a rate in fact, should be

deducted before arriving at the gross estimated rental. (*Smith v. Birmingham*, 1888, 22 Q.B.D. 211.)

2. Statutable deductions as defined by Sect. 1 of the Act of 1836 (*ante*), i.e. deductions for the "probable annual cost of repairs, insurance and other expenses (e.g. annual sinking fund to replace expended capital), if any, necessary to maintain them in a state to command such rent"; and the tithe commutation rentcharge, if any.

Machinery and Plant. In estimating the rateable value of a hereditament, the machinery and plant must not be left out of account, even though the whole or some part of the machinery and plant is unattached to the freehold, or would not pass upon a demise of the hereditament.

The rateable value of premises used as a factory, equipped with machinery for use in connection with the hereditament, is measured by the rent which a hypothetical tenant would be willing to give, and a hypothetical landlord be willing to take, for the right to occupy the building and to use the machinery, it being assumed that the hypothetical landlord provided both building and machinery. (*Smith & Sons v. Willesden*, 1919, 89 L.J. K.B. 137.)

Tenants' machinery placed in a factory, and used therewith for the business of the factory, whether it be affixed to the freehold or not, may be taken into consideration so as to increase the amount in assessing the factory to the poor rate. (*Kirby v. Hunslet*, 1906, A.C. 43.)

In the rating of blast furnaces, it is a question of fact whether they are to be regarded not singly, but as one rateable hereditament and in beneficial occupation, though some may be out of blast. (*Consett v. Durham*, 1922, 87 J.P. 1.) See *Ibid.*, Appendix III.

CHAPTER VI

THE POOR RATE. PART III THE METROPOLIS

BASIS AND SYSTEM OF VALUATION.

For valuation purposes, the *metropolis* is the same as the unions and parishes not in the union, which are for the time being . . . situate within the jurisdiction of the [London County Council] (Valuation (Metropolis) Act, 1869, Sect. 3), hereinafter called the Act of 1869.

This Act, which governs assessments in the metropolis, was enacted "to provide for a common basis of value for the purposes of government and local taxation, and to promote uniformity in the assessment of rateable property in the metropolis." As in the provinces, the basis of valuation is that of rateable value. Though the definitions of "rateable value" and "gross value" of the Act of 1869 differ in language from "rateable value" of the Parochial Assessment Act, 1836, Sect. 1, and "gross estimated rental" of the Union Assessment Committee Act, 1862, Sect. 15, which latter two Acts regulate valuation in the provinces, there is no practical difference in principle.

SOME DEFINITIONS.

Year, means the twelve months commencing with the 6th of April, and ending with the succeeding 5th of April, and words referring to a year refer to the same period. Where there are expressions such as "if in the course of any year the value of any hereditament is increased," the assessment authorities must show that the alteration in the value has taken place within the year as defined above, e.g. if a portion of a building has been removed so as to

render the remainder of less value (say) in January, and no application for a reduction of assessment is made until (say) the following May, the year will have expired, and the authorities could refuse to entertain the application on the technical objection that no alteration had been made to the premises within the rating year. On the other hand, if premises have been enlarged and consequently increased in value, and the assessment is not raised within the "year" in which the improvement took place, then no alteration can be made in the assessment until the next revaluation of the district, assuming, of course, that no further structural additions have been made during that period.

Overseers. The London Government Act, 1899, Sect. 11, provides that "the council of each borough shall be the overseers of every parish within their borough." Duties in connection with valuation lists are usually delegated to a valuation committee or survey committee, subject, of course, to the approval of the borough council. The town clerk is empowered by Sect. 11 of the Act of 1899 to sign the valuation list.

Hereditament, "means any lands, tenements, hereditaments and property which are liable to any rate or tax in respect of which the valuation list is by this Act made conclusive." (Act of 1869, Sect. 4.)

For definitions of gross and rateable value, see Chapter I (*ante*).

For the purpose of determining the statutable deductions, i.e. the difference between the gross and the rateable value as defined (*ante*), property is divided into various classes by the Third Schedule of the Act of 1869.

The percentage or rate of deductions to be made from the gross value in calculating the rateable value for the purposes of this Act shall not exceed the amounts in the Third Schedule to this Act, so far as the same are applicable. (Act of 1869, Sect. 52.)

THIRD SCHEDULE.

Class 1—	Per cent or Proportion.
Houses, and buildings, or either of them, without land other than gardens where the gross value is under £20	25 or $\frac{1}{4}$ th
Class 2—	
Houses and buildings without land other than gardens and pleasure grounds valued therewith for the purpose of inhabited house duty where the gross value is £20 and under £40	20 or $\frac{1}{5}$ th
Class 3—	
Houses and buildings without land other than gardens and pleasure grounds valued therewith for the purpose of inhabited house duty where the gross value is £40 or upwards	16 $\frac{2}{3}$ or $\frac{1}{3}$ th
Class 4—	
Buildings without land which are not liable to inhabited house duty and are of a gross value of £20 and under £40	20 or $\frac{1}{5}$ th
Class 5—	
Buildings without land which are not liable to inhabited house duty and are of a gross value of £40 or upwards	16 $\frac{2}{3}$ or $\frac{1}{3}$ th
Class 6—	
Land with buildings not houses.	10 or $\frac{1}{10}$ th
Class 7—	
Land without buildings	5 or $\frac{1}{20}$ th
Class 8—	
Mills and manufactories	33 $\frac{1}{3}$ or $\frac{1}{3}$ rd
Class 9—	
Tithes, tithe commutation rent charge, and other payments in lieu of tithe	To be determined in each case according to the circumstances and the general principles of law.
Class 10—	
Railways, canals, docks, tolls, waterworks, and gasworks	
Class 11—	
Rateable hereditaments not included in any of the foregoing classes	

The maximum rate of deductions prescribed in this Schedule shall not apply to houses or buildings let out in separate tenements, but the rate of deductions in such cases shall be determined as in Classes 9, 10, and 11.

A building divided into flats, each of which is let

separately, and is separately inserted in the valuation list as a rateable hereditament, is a "house or building let out in separate tenements" within the meaning of the footnote to Schedule III of the Act of 1869, and therefore the maximum rate of deductions does not apply to it. (*Marylebone v. Consolidated Properties*, 1914, A.C. 870.)

A building consisted of two shops on the ground floor, a flat on the first floor extending over both the shops, and two similar flats on the second and third floors. The two shops and three flats were five separate rateable hereditaments. It was held that the building was a "house or building let out in separate tenements" within the meaning of the footnote to the Third Schedule to the Act, notwithstanding that the shops and flats were separate rateable hereditaments; and that therefore, in arriving at the rateable values of the shops and flats, the assessment committee might allow deductions from the gross values at a rate greater than the maximum rate of deductions specified in the Third Schedule. (*Western v. Kensington*, 1908, 1 K.B. 811.)

Houses erected after 2nd April, 1919. By Sect. 12 (9) of the Increase of Rent, etc., Act, 1920, the Act is not to "apply to a dwelling house erected after or in course of erection on the 2nd day of April, 1919, or to any dwelling house which has been since that date or was at that date being *bona fide* reconstructed by way of conversion into two or more separate and self-contained flats or tenements; but, for the purpose of any enactment relating to rating, the gross estimated rental or gross value of any such house to which this Act would have applied if it had been erected or so reconstructed before the 3rd day of August, 1914, and let at that date, shall not exceed—

(a) if the house forms part of a housing scheme to which Sect. 7 of the Housing, Town Planning, etc., Act, 1919, applies, the rent (exclusive of rates) charged by the local authority in respect of that house; and

(b) in any other case the rent (exclusive of rates) which would have been charged by the local authority in respect of a similar house forming part of such a scheme as aforesaid."

The Housing, Town Planning, etc., Act, 1919, Sect. 7, gives power to the Ministry of Health to assist financially local authorities who have suffered loss in carrying out housing schemes.

The object of Sub-sect. 12 (9) of the Act of 1920 (*ante*) is to secure that there shall be no inequality as between the assessment of new and that of existing houses of the same kind in the same district, and the result is that a house erected or in course of erection on 2nd April, 1919, is treated as if its rateable value was that of a similar house erected before 3rd August, 1914.

THE VALUATION LIST.

A valuation list called the *quinquennial* list is prepared once in five years (1920-1925) and remains in force for a period of five years subject to alterations made therein by any *supplemental* or *provisional* list. The first list was made in 1870, and they have been made in every fifth year since. The quinquennial list now current was made during 1920, and came into force on 6th April, 1921, and such list together with any supplemental or provisional list amending it, will be superseded by the new quinquennial list to be made during 1925.

The Act of 1869, by Sect. 46, provides that—

(1.) In each of the first four years of such period a *supplemental* list shall, if necessary, be made out in the same form as the valuation list, and shall show all the alterations which have taken place during the preceding twelve months in any of the matters stated in the valuation list, but shall contain only the hereditaments affected by such alterations. If no alteration has taken place which makes a supplemental list necessary, the overseers shall send a certificate

to that effect to the assessment committee in place of such list, which certificate may be in the form contained in the Second Schedule to this Act. This list provides for the inclusion of new properties and additions to and reductions in value of same.

(2.) In the fifth year of every such period the overseers shall make a new valuation list.

(5.) In each of the last four years of such period the valuation list which was in force on the day before the commencement of each such year, together with and as altered by the supplemental list, if any, which comes into force at the commencement of such year, shall be the valuation list which is in force during that year.

(6.) A new valuation list when it comes into force shall supersede the valuation list which was in force during the fifth year of such period.

The valuation list as approved by the assessment committee, and, if altered on any appeal, as so altered, shall come into force at the beginning of the year (commencing on the 6th of April) succeeding that in which it is made, and shall last for five years, subject to any alterations that may be made by any supplemental or provisional list. (Act of 1869, Sect. 43.)

The valuation list for the time being in force shall be deemed to have been duly made, and shall for all or any of the purposes in this section mentioned be conclusive evidence of the gross value and of the rateable value of the several hereditaments included therein, and of the fact that all hereditaments required to be inserted therein have been so inserted; that is to say—

For the purpose of any of the following rates which are made during the year that the list is in force, namely, the county, metropolitan police, highway, and poor rates; the police, sewers, consolidated and other rates in the city of London; the sewers, lighting, general, and

other rates levied by order of [metropolitan borough councils], the main drainage improvement and other rates, and sums assessed on any part of the metropolis by the [London County Council], assessments for contributions under the Metropolitan Poor Act, 1867, and every other rate, assessment, and contribution levied, made, and required in the metropolis on the basis of value. (Act of 1869, Sect. 45.)

A *provisional* list may be made at any time in the course of any year, as soon as it is approved by the assessment committee. It usually operates from the date when the occupier is served with a copy of the list and a prescribed notice, and it continues in force until the first quinquennial or supplemental list subsequently made comes into force. (Act of 1869, Sect. 47.) It provides for the collection of rates before the supplemental list comes into force.

“ Three distinct and different kinds of valuation lists are dealt with in these sections: the *quinquennial* list; the *supplemental* list; and the *provisional* list. The first of these is the most permanent. It comes into force at the beginning of the year, commencing on the 6th day of April immediately after it has been made, and lasts for five years. It may be altered in three different ways during its currency: (1) on appeal to the assessment sessions or to a superior Court; (2) by the making of a supplemental list; and (3) by the making of a provisional list; but it is not superseded by either of these latter lists. It may be altered by them, but as altered it endures for the stated period. That, I think, is clear on the construction of these sections. If an appeal against any of the valuations contained in this quinquennial list be pending at the commencement of the above-mentioned year, the list comes into force in its unaltered form, and levies must be made in accordance with it. Provisions are, however, introduced to the effect that should, on such appeal, an alteration be made in this list, which alters the amount of the contribution,

rate, of tax levied according to it, the difference if too much be levied, shall be repaid or allowed, and if too little, shall be treated and recovered as arrears." Lord Atkinson in *Metropolitan Water Board v. Phillips* (1913, A.C., at p. 97).

A valuation list is not "made" until it is finally approved on 1st November by the assessment committee. (*Parrish v. Hackney*, 1912, 1 K.B. 669.)

Alterations in value. If in the course of any year the value of any hereditament is increased by the addition thereto or erection thereon of any building, or is from any cause increased or reduced in value, the overseers of the parish in which such hereditament is situate may, and on the written requisition of the assessment committee or of any ratepayer of the union or of the inspector of taxes for the district, shall, send to the assessment committee a provisional list containing the gross and rateable value as so increased or reduced of such hereditament. (Act of 1869, Sect. 47. (1).) And see Sect. 46 (1) (*ante*).

To justify an alteration of the quinquennial valuation of a hereditament by a supplemental or provisional valuation list under the Act of 1869, Sects. 46, 47, those who seek to alter the assessment must not only prove that there has been an alteration in the annual value of the hereditament, but must also prove the nature and cause of that alteration and that the cause is one which directly affects the assessable value of that particular hereditament. It is not enough, for instance, to show merely that since the quinquennial valuation there has been throughout the metropolis a general rise in the annual value of the class of property to which the hereditament in question belongs, and that the annual value of that hereditament has increased accordingly. (*Camberwell v. Ellis*, 1900, A.C. 510.)

No appeal lies against a provisional list. (*Fulham v. Wells*, 1888, 20 Q.B.D., 749.)

When an alteration, e.g. a reduction or increase, is

established under Sect. 46 of the Act of 1869, it has to be entered in a supplemental list, and the rateable value is to be ascertained, not by opening up the previous quinquennial or supplemental list, but by assuming the value in the list then in force to be the correct value at the commencement of the twelve months preceding, and by deducting or adding from it the diminution or increase in value from the alterations during that period. (*R. v. Poplar*, 1884, 13 Q.B.D. 364.)

The heavy increase in the duty imposed by the Finance (1909-10) Act, 1910, upon licensed premises in the metropolis was held to be *prima facie* evidence of a reduction in value within Sect. 47 of the Valuation (Metropolis) Act, 1869, so as to entitle the tenant, if default is made by the overseers in sending a provisional list to the assessment committee pursuant to Sub-sect. 1, to require the assessment committee to appoint a person to make such a list pursuant to Sub-sect. 2 of that section. (*R. v. Shoreditch*, 1910, 2 K.B. 859.) “Where the particular property is a property which is assessed by reason of its being applied to a particular purpose, such as a particular trade, and has a special value put upon it for that reason, then anything which affects the profits or takings of that trade must be an element to be taken into consideration in arriving at the annual value of the property” (per Channell, J., at p. 866).

In computing the rateable value of hereditaments, e.g. docks, in which an undertaking liable to excess profits duty is carried on—excess profits duty may be taken into consideration. (*Port of London Authority v. Orsett*, 1919, 1 K.B. 84.)

“In order to bring Sect. 47 of the Act into operation there must be an increase or reduction in the value of the hereditament in question, and this increase or reduction must have occurred in the course of the year of the quinquennial period in which the provisional list is applied for,

and must be due to some such cause as referred to in the section. The values to be compared are (1) the value of the hereditament when the provisional list is made, and (2) the value of the same hereditament in the valuation list for the time being in force, and the cause referred to in the section must be a cause operating during the year in which the provisional list is applied for and specially affecting the hereditament in question or hereditaments of the same class, and not generally affecting all hereditaments within the same area. In determining whether there has been an increase or reduction in value due to any particular cause, it would I think be legitimate to inquire, first, whether there has in fact been an increase or reduction in value, and, secondly, how far such increase or reduction is due to the particular cause. On the other hand, it would be equally legitimate to start with the particular cause and inquire to what extent, if at all, it has affected the value either by way of increase or reduction. But in neither case would it, in my opinion, be possible to arrive at a sound conclusion without considering the conditions and circumstances under which the value as stated in the valuation list for the time being in force had been actually arrived at." (*L.C.C. v. Islington*, 1915, A.C., at p. 772.)

The same routine in making a supplemental valuation list is applicable to the quinquennial list. The provisional valuation list is merged into the supplemental valuation list at the end of the year.

THE QUINQUENNIAL LIST.

I. Made by the overseers of the parish. The quinquennial list is made and signed by the overseers (Sect. 6 of the Act of 1869), i.e. the borough council in metropolitan boroughs (London Government Act, 1899, Sect. 11 (1)) ; in the city of London, the Common Council (City of London (Union of Parishes) Act, 1907, Sects. 11 and 13), in the form prescribed

by the Second Schedule to the Act of 1869. In metropolitan boroughs the town clerk is the clerk to the committee.

ASSESSMENT COMMITTEE. The London Government Act, 1899, Sect. 13, provides that the borough council shall appoint the assessment committee.

RETURNS. In every year in which a new valuation list is made, or in the month of March preceding any such year, every person who is liable to be rated or to pay any tax in respect of which the valuation list is conclusive, is to make a return to the overseers. (Act of 1869, Sect. 55.)

For the purpose of the return the inspector of taxes during February is to send to the overseers printed forms and notices, and a copy of such form and notice is, within one month after the receipt thereof, to be served by the overseers on every person required to make a return. The return is to be made within 21 days to the overseers, who are to send it, together with the valuation list, to the inspector of taxes by whom it is to be sent to the assessment committee. (Sect. 56.)

The assessment committee may require from the owner or occupier a return of (a) the rent receivable or payable by him; (b) the person entitled to any tithe rent charge, and the amount of the same, and the persons by whom it is paid, and the amounts paid by each such person; (c) any other particulars required. Such return is to be made within 14 days. (Sect. 57.)

Any person wilfully refusing or neglecting to make a return is liable on summary conviction to a penalty of £5, and any person who wilfully makes or causes to be made a false return is liable to a penalty of £10. (Sect. 58.)

Compilation of valuation list. The compilation of the valuation list is usually an extensive and troublesome proceeding. The best method is to prepare what is called the draft valuation list, copying that part of the list which relates to the situation of the hereditament from the current rate book, and then entering the information contained in

the returns made by the ratepayers. The valuation of special properties such as licensed premises, factories, railways, etc., should be prepared by a rating surveyor, as these are matters which call for special and expert knowledge. The new assessments are placed in the draft list if the overseers approve of them.

The overseers and rate collectors should then proceed to inspect the returns made in respect of ordinary house property and insert their valuations thereof in the new list, the assessments being calculated either on the average and comparative value principle or made in conformity with the rents.

On completion, the draft lists should be copied in duplicate and one of them deposited, after being sealed by the council, before the 1st of June. This list remains deposited at the town hall for not less than 14 days nor more than 17 days for the inspection of the ratepayers, who have a right to inspect the list and take extracts therefrom. It is very necessary that this privilege should be exercised, as any mistakes which may have been made can be rectified by a subsequent appeal to the assessment committee.

At the same time the duplicate list must be sent to the inspector of taxes, who, if dissatisfied with the valuation of any premises, may insert what he considers to be the correct gross assessment in the column provided for that purpose, subsequently sending the list to the assessment committee within 28 days after he has received it from the overseers. (Sect. 8.)

Publication and inspection of list. The list, when made and signed, must be deposited in the place in such parish in which rate books are deposited or kept, and the overseers shall on the following Sunday give public notice of the deposit of such list, and such notice shall be given in the same manner, and all persons assessed or liable to be assessed shall have the like right of inspecting, and of demanding and taking copies of and such extracts from

such list, as in the case of a poor rate allowed by the justices (see *post*) ; and the overseers shall, at the expiration of 14 days from the time of the notice given of the deposit of such list, transmit the same to the committee ; and any overseer or other ratepayer shall have the right of inspecting and taking copies of and extracts from any of the lists so transmitted. (Union Assessment Committee Act, 1862, Sect. 17.)

The Poor Rate Act, 1743, Sect. 1, provides for the publication of the valuation list at the door of every church. Where there is no church or chapel of the parish the list must be published by affixing it to some public and conspicuous place in the parish. (Poor Rate Assessment (Amendment) Act, 1882, Sect. 4.)

By Sect. 5 of the Act of 1836, copies of the list may be taken by any person assessed or liable to be assessed without charge, or they may obtain copies from the overseers at 6d. for every 24 names. (Act of 1743, Sect. 2.)

The Act of 1869, Sect. 12, also provides that the inspector of taxes and any ratepayer may inspect, copy, and take extracts from the list.

Revision of list. The assessment committee are to revise the list, and when approved are to certify the same and send a copy to the overseers. (Sect. 14, which see further *post*.)

On receipt of the copy the overseers are to immediately deposit it in the place in which the rate books are kept, and publish notice of such deposit, and of the time and mode of making appeals, and of the grounds on which an appeal is allowed to be made. (Sect. 15.)

Objections to the list may be made before the assessment committee by any aggrieved ratepayer, who shall state the grounds of his objection as well as the corrected figures which he desires. (Sect. 11.) Notice of objection must be given before the expiration of 25 days after the list is deposited. (Sect. 42 (3).)

Notice to occupiers of alteration of value. After the deposit or re-deposit of the list immediate notice is to be served by the overseers on the occupier of the alteration in value where—

(a) the overseers insert in the list a hereditament not previously assessed, or raise the gross or rateable value above that stated in the existing list, or (where there is no list) in the last assessment; or

(b) the assessment committee (otherwise than in determining an objection) insert some hereditament, or raise the gross or rateable value of some hereditament therein. (Sect. 9.)

Such notice to the occupier is deemed to be sufficiently given if addressed to such occupier and left on the premises to which the notice relates. (Valuation (Metropolis) Amendment Act, 1884, Sect. 2.)

II. Revision by assessment committee. The Valuation (Metropolis) Act, 1869, Sect. 42 provides—

(1.) The overseers shall make and deposit the valuation list before the 1st of June.

(2.) The overseers shall transmit the list to the assessment committee not sooner than 14 days and not later than 17 days after notice is given of the deposit of such list.

(3.) Notice of any objection by any person other than the inspector of taxes and the overseers shall be given before the expiration of 25 days after the list is deposited.

(4.) The assessment committee shall revise the list before the 1st of October, and before the same day, but not less than 16 days after the transmission of the list to them by the overseers, shall hold a meeting for hearing objections to such list.

(5.) The assessment committee shall give notice of a meeting for hearing objections to a list not less than 16 days before such meeting, and before 1st October.

(6.) Notice of objection with respect to any list by the inspector of taxes and by the overseers shall be given not

less than 7 days before the meeting at which objections to such list will be heard by the assessment committee.

(7.) The assessment committee shall send the list to be re-deposited within 3 days after it is approved by them, and shall appoint a day not less than 14 nor more than 28 days after such re-deposit for hearing objections to the alterations, of which objections 7 days' notice shall be given by the objector.

(8.) The assessment committee shall finally approve and send the valuation list to the overseers, and the clerk of the [London County Council] before the 1st of November.

Within 14 days after the transmission of any list the assessment committee is to give notice to railway, gas, water, etc., companies named therein as occupiers, but not having places of business in the parish, of the sums set down as the rateable value of their property. Such notice may be served through the post to the principal office of the company. (Union Assessment Committee Act, 1864, Sect. 5.)

If the overseers fail to transmit the list, the assessment committee are to appoint a person to make a list, and the person so appointed shall have the same powers and duties as overseers, and the list so made will be dealt with as if it had been made and transmitted by the overseers. (Act of 1869, Sect. 13.)

When the assessment committee have finally approved the list they are to cause to be ascertained and inserted in it the totals of the gross and rateable value. Three members of the committee present at the meeting at which the list is finally approved are to sign at the foot of it a declaration of approval and certificate of compliance with the Act. One duplicate so certified is to be sent to the clerk of the [county council], and the other duplicate to the overseers. (Sect. 14.)

The committee are to hold meetings for hearing objections to the list, and give notice thereof to the overseers. The

overseers are to publish such notice on the Sunday following its receipt. The committee may at such meeting hear the objections, or adjourn such meeting, and, if necessary, direct notice of the objections to be given to third parties before the further hearing. The committee is not required to hold a meeting for hearing objections unless notice of objection has been given, except where the giving of notice has been waived. (Union Assessment Committee Act, 1862, Sect. 19.)

The committee may, whether there be objection or not, either before or after any meeting, make alterations and corrections in the list upon such information as they may deem sufficient, and approve the same under the hands of three members of the committee present. (Act of 1862, Sect. 20.)

The committee are required to keep minutes of their proceedings at each meeting, and the names of the members attending, and these are to be signed by the presiding chairman. Such minutes are to be received as evidence in all courts, and are to be open to the inspection of every ratepayer, who may also take copies and extracts therefrom free of charge. (Act of 1862, Sect. 11.)

All documents required to be deposited with the rate books are to be open to the inspection of the ratepayers, who may also take copies or extracts free of charge. (Act of 1869, Sect. 67.)

Any ratepayer, overseer, clerk of assessment committee, or inspector of taxes may, free of charge, inspect and take copies and extracts from all valuation lists and documents under the control of the clerk of the [county council], or the clerk of the assessment sessions.

Any inspector of taxes, guardian, and overseer may, free of charge, and any ratepayer for a fee not exceeding 1s., inspect and take copies and extracts from valuation lists, notices of objection, returns and other documents under the control of the assessment committee.

Any clerk of an assessment committee may inspect and take extracts from valuation lists under the control of the assessment committee of any other union in the metropolis. (Act of 1869, Sect. 69.)

III. Appeals from assessment committee to special sessions. Any person aggrieved by the decision of the assessment committee upon his objection may appeal to *special sessions*, but only upon a question of value (Act of 1869, Sect. 19.)

In every petty sessional division the justices are, in every year, to hold a special sessions for hearing appeals against the valuation lists. (Sect. 18.)

The justices are to send written notice of the time and place for hearing the appeals to the overseers, who are to publish it as soon as received. (Sect. 22.)

Notice of appeal to special sessions is to be given on or before the 21st of November. (Sect. 42 (9).)

The justices may hold the special sessions at any time after the 30th of November, which will enable them to determine all appeals before the ensuing 1st of January. (Sect. 42 (10).)

The notice of appeal specifying the correction desired must be served—

(a) In all cases on the inspector of taxes, and on the clerk of the assessment committee which approved the list.

(b) When the appeal relates to the unfairness or incorrectness of the valuation, or to the omission of an hereditament occupied by any person other than the appellant, or to the incorrectness of any matter stated in the list with respect to any such hereditament, then on such person.

(c) If an assessment committee or a inspector of taxes is the appellant, then also on the overseers.

It is not, however, necessary to serve a notice of appeal on the inspector of taxes where the appeal relates only to the rateable value of any hereditament.

The clerk of the assessment committee, on receiving notice of appeal, is to forthwith serve notice thereof on the clerk of the special sessions. (Sect. 33.)

The justices are to hear all appeals in open court. They may adjourn the hearing from time to time, and to any day, but so that all appeals are heard before the 1st of January. If from accident or mistake due notice of appeal has not been given, or if an additional notice of appeal appears to be required, they may, if they think it just, order notice of appeal to be given. They may confirm or alter the list, so far as it is questioned, as they think just, but may not make any alteration in contravention of this Act. Any alteration is to be made by the chairman of the justices and initialed by him. (Sect. 34.)

IV. Appeal to quarter sessions. An appeal from the decision of the assessment committee may be made direct to quarter sessions, or if the aggrieved person has appealed to special sessions he may again appeal to quarter sessions against the decision of special sessions. (Act of 1869, Sects. 23 and 32.)

Notice of appeal must be given on or before the 14th of January. (Sect. 42 (12).)

The sessions may be held at any time after the 1st of February, which will enable all appeals to be determined (except where a valuation list or valuation is ordered) before the 31st of March. (Sect. 42 (13).)

The clerk must give 10 days' notice before the first court is held. (Sect. 42 (14).)

Where an owner or lessee is liable to be assessed in place of the occupier or tenant, or, in fact, pays any rate in his place under any contract or arrangement with him, such owner or lessee is to be deemed to be the occupier.

Any notice or other document to be given to the occupier, except where the owner or lessee is liable to be assessed to or to pay any rate in the place of the occupier, will be

deemed to be sufficiently given if addressed to such occupier and left on the premises to which the notice, etc. relates. (Valuation (Metropolis) Act, 1884, Section 2.)

Where any occupier or ratepayer objects to the valuation list in respect of any hereditaments, whether consisting of a house or houses subdivided into tenements separately assessed, or of separate houses or tenements not so subdivided, he may include in any one notice of appeal, or in any one objection, appeal, or other proceeding, the whole or any one or more of the hereditaments separately assessed and comprised in one valuation list. (Act of 1884, Sect. 3.)

SUPPLEMENTAL AND PROVISIONAL LISTS.

Supplemental. In each of the first four years of the quinquennial period, e.g. 1921, 1922, 1923, 1924, but not 1925, a supplemental list is made, governed by Sect. 46 (1) (*ante*). The procedure relating to the making, revising, approval, and appeals against a supplemental list are practically the same as those relating to a quinquennial list.

Each list as it comes into operation modifies the quinquennial list so far as the hereditaments included in the supplemental list are concerned; and it remains effective as part of the valuation list until it is subsequently amended by a new provisional or supplemental list coming into operation for the same hereditaments or by a new quinquennial list.

“In preparing a supplemental list, the rateable value in the current quinquennial list, as altered by any previous supplemental list, is to be assumed to be right, subject only to such increase or reduction as is to be attributed to any change of circumstances during the preceding twelve months taken from April to April. The only relevant difference between a quinquennial and a supplemental list for the present purpose lies in the fact that in the case of

the supplemental list that assumption is made, while in the case of the quinquennial list no assumption is made, but a new valuation altogether is arrived at." (*Parrish v. Hackney*, 1912, 1 K.E., at p. 679.)

Provisional. A provisional list is governed by Sect. 47 of the Act of 1869 (*ante*). "Any ratepayer can require, under Sect. 47 (1), a provisional list. It is to be sent to the assessment committee by the overseers, and after the steps detailed in Sect. 47 is to be dated and signed by the clerk to the assessment committee, and the assessment committee are to send a copy to the overseers. Sect. 47 (8) then provides that the provisional list so signed shall have operation from the date of service on the occupier, and shall 'continue in force until the first list (supplemental or other) which is subsequently made comes into force.' The question is as to the true meaning of the words 'subsequently made.' As regards the provisional list, it is to be noted that the material date is not that of its completion, but the date of its service, and the latter, according to the admission of counsel, is in this case, 30th June. A quinquennial list and a supplemental list, when completed and signed, come into force at a postponed date, namely, the next ensuing 6th April. A provisional list, when completed and signed, comes into force, as is admitted by counsel, as from an antecedent date, namely, the date of service of the original list. It is not completed until it is dated and signed by the clerk of the assessment committee, but when that is done it has operation from an earlier date, namely, the date of service of the original list. Under these circumstances the words 'subsequently made,' having regard to the context, necessarily mean made at some date subsequent to the date of service of the original provisional list. The other and most material observation upon the provisional list is that the careful provisions of the Act for revision and appeal which are enacted in the case of the quinquennial and the supplemental lists do not extend to

the provisional list." (*Parrish v. Hackney*, 1912, 1 K.B., at p. 679.)

The increase or decrease in value contemplated by Sect. 47 of the Act of 1889 is "a condition precedent to the ultimate modification of the quinquennial valuation and not a condition precedent to the preliminary steps necessary for the constitution of the tribunal entrusted with the duty of deciding whether, and to what extent, the quinquennial list is to be modified. If this be so, the duty of the overseers to prepare a provisional list on the written requisition of a ratepayer is purely ministerial, and they are not at liberty to refuse to comply with such requisition if *bona fide* made. In like manner on failure of the overseers to prepare a provisional list, the duty of the assessment committee is purely ministerial, and they can only refuse to comply with the ratepayer's requisition if such requisition be frivolous or *mala fide*." (*L.C.C. v. Islington*, 1915, A.C., at p. 771.)

"For the purpose of the inquiry under Sect. 47, the existing circumstances and conditions must in every case be compared with those circumstances and conditions which prevailed at the time the valuation was made. At the same time the circumstances and conditions existing at the commencement of the year in question may for many purposes be material. They may, for example, be material in determining whether the particular cause alleged has or has not been operative within the year, or whether the increase or reduction in value is a permanent increase or reduction or a mere fluctuation. And the same may be said of any change in circumstances or conditions which has from time to time occurred since the value appearing in the valuation list was arrived at." (*Ibid.*, at p. 772.)

"In considering whether and how far the value of the tramways has been affected by this competition (with motor omnibuses), the gross receipts and working expenses

of that part of the tramway undertaking to which the question relates, both at the time of the making of the provisional list and at the time the valuation appearing in the quinquennial list at the commencement of the current year of the quinquennial period was made, and also any variations between these dates, must be taken into consideration." (*Ibid.*, at p. 773.)

CHAPTER VII'

THE RATING OF SPECIAL CLASSES OF PROPERTY WITH ILLUSTRATIVE EXAMPLES

WEEKLY AND MONTHLY TENANCIES.

WHERE property is let to weekly tenants at rents which are the bases in calculating the annual value, certain deductions have to be made to arrive at the annual value. For example, in the case of a house let weekly, the owner or his agent has to make 52 calls per annum, and it is assumed that if he had to call, say, quarterly, he would be willing to charge a lower rent. A deduction in the metropolis is therefore made to comply with the terms of the statute concerning the definition of gross annual value, i.e. the *annual* rent which a tenant might reasonably be expected to pay for an hereditament, taking one year with another.

In *Smith v. Birmingham* (1889, 22 Q.B.D. 703) it was found, however, as a fact that a house could reasonably be expected to let from year to year at a rent equal to 52 times the weekly rent, and with this finding of fact the Court refused to interfere. It was also held that no deduction is admissible in the case of such property on account of its standing empty or of the rent being irrecoverable.

In preparing the scales for the assessment of houses let weekly, where the owner pays the rates and taxes and water rate, a deduction varying from £1 to £3, called the "contingency balance," is usually introduced for the purpose of arriving at the gross assessment. This contingency is by way of an allowance for any small rise in the rates while the scale is in force, and, too, because the rent to a yearly tenant may be regarded as slightly less than 52 times the weekly rent or 12 times the monthly rent, e.g. rent of a

house let at 13s. per week, rates being taken at 6s. in the £—

	£	s.	d.	£	s.	d.
Total amount of Rent per annum—						
52 weeks at 13s.				33	16	—
<i>Deduct—</i>						
Rates at 6s. on £20	6	—	—			
Water Rate at 5 per cent on £20	1	—	—			
Inhabited House Duty at 3d. on £24.	—	6	—			
				6	6	—
				26	10	—
Allowance for converting Weekly Rents into Yearly Rent				2	10	—
Gross Value	24	—	—			
Statutory reduction $\frac{1}{4}$ th	4	—	—			
				20	—	—
Rateable Value				20	—	—
52 Weeks' Rent at 13s. per week	33	16	—			
Deduct Repairs at $\frac{1}{4}$ th.	6	15	—			
Rateable Value plus Rates, etc.	£27	1	—			

Taking the rates at 6s. in the £, we have the following proportion, which gives the rateable value minus rates—

Rateable Value plus Rates.	Rateable Value.	Rateable Value plus Rates.	Rateable Value.
£ s. d.	£ s. d.	£ s. d.	£ s. d.
1 6 —	1 — —	27 10 —	20 16 — approx.

It is suggested that the contingency balance is too large, and that an owner, instead of incurring a loss of time by visiting his property weekly, gains by being able to keep a closer supervision over the tenants and his losses of rent, and certainly losses under the head of empties are generally less than in the case where a house is let quarterly.

There are other deductions made when rating flats or tenements; in these cases certain services are rendered to the tenants by the landlord, such as cleaning and lighting the staircases, use of porter, etc. The assessment committee must determine what deductions must be made. (*Western v. Kensington*, 1908, 1 K.B. 811.)

For scale for the assessment of weekly and monthly properties, see Appendix.

In practice, in the metropolis it is usual to average the rates for the five years preceding every quinquennial valuation; but apparently it is wrong, the correct method being to take the aggregate amount of rates in the £ for the current year, this latter method being an advantage to the owners, owing to the upward tendency of London rates.

CONTRACTOR'S THEORY OF ASSESSMENT, i.e. CONTRACTOR'S TEST.

Where neither actual rents nor the profits of trade are available as evidence for the estimation of rateable value, e.g. as in hereditaments occupied by a public authority, a percentage of the capital value or on the actual cost of land and buildings is the test, but not necessarily a conclusive test, in the ascertainment of annual value. In the case of *R. v. London School Board* (1886, 50 J.P. 419), it was held that in estimating the rateable value, the school board were, in regard to its schools, to be included as possible hypothetical tenants, and that whether they were owners or merely occupiers, the same value would be applied. Nor does it make any difference if the school board are incapable of making a profit out of the building, per Cave, J., who said: "It (i.e. interest on cost) is a rough test, undoubtedly. It is a test in some cases, but it is not a test in others. If the place is occupied by a tenant it is not a good test at all, because the rent which he actually pays is a far better one. If the place is unlet, it is not at all a good test, because it may be that no tenant would give anything approaching to the interest on the cost, but if the place is occupied, and occupied by the owner himself, then it is in some sense a test—a rough test, no doubt—and only *prima facie* evidence, but still some evidence to show what the value of the occupation is. . . . If he could get a place cheaper, at a less rent

than the interest on the cost comes to, it is to be assumed he would not go to the expense of building, he would prefer to take the cheaper course and pay the rent."

In cases where there is no rent paid in consequence of the premises which are to be rated having been erected at the occupier's expense, it is obvious that the chief basis of assessment is the contractor's theory whereby an assessment is made equivalent to that which would be charged by the occupier to a hypothetical tenant, the factors in the calculation being a fair ground rent based on the value of the site, and a percentage on the cost of erecting the buildings. An addition is usually made of 5 per cent on the last named for architect's fees.

Although in practice it is the rule to take the actual cost as the value of new premises, in *R. v. Mile End* (1847, 16 L.J. M.C. 184) it was laid down that "the outlay of capital might furnish no criterion of the rent, since it may have been injudiciously expended, and what was costly may have become worthless by subsequent changes," and if a house is built for £5,000, which could have been erected for £2,500, the latter figure it is alleged is the basis of calculation for rating purposes, but it is submitted that, from a valuer's point of view, this theory is not sound and the Courts would probably not accept it. The London County Council raised this question at the quinquennial valuation of the metropolis in 1905, contending that it was possible to erect elementary schools at £11 per scholar's place, whereas the usual charge worked out at about £20 per place; and stated that the buildings included considerable and costly decoration, such as a plentiful use of terra-cotta, in the architectural features and internal luxuries, such as the Plenum system of ventilation; but quarter sessions would not accept this argument, and an assessment was made in accordance with the actual expenditure. This was a practical view to take of the case, because if we consider the matter from a business aspect

we should find that if a person erected, say, a house and shop at an outlay of £1,000, the lowest rent he could afford to charge would be 5 per cent on the outlay, i.e. £50, but the rent paid for a similar kind of shop would be his guide, and if a comparative rental value was £70 per annum, then the owner would be justified in asking a rental of £70 per annum, which should, of course, be the basis of assessment. In all cases the cost of a similar building at present prices should be taken, less anything rightly deductible for deterioration causing a tenant to pay less rent. See *Merry v. Lanarkshire*, Appendix III.

Public buildings, e.g. council offices, should be valued by comparison with neighbouring premises, and not on the contractor's principle. (*Glasgow Parish Council v. Glasgow Assessor*, 1914, S.C. 651.)

QUARTERLY AND YEARLY TENANCIES.

The rule of the London rating authorities as to the assessment of houses let under quarterly or yearly tenancies, or under written agreements for not more than three years, is that the amount returned as the *bona fide* rent paid, if a fair one, should be, as a general rule, considered as the gross value if the landlord undertakes to insure and bear the cost of all repairs and the tenant pays tenants' rates and taxes.

AGREEMENTS AND LEASES FOR A TERM OF YEARS.

In the case of an ordinary three years' agreement, where the owner covenants to undertake all the repairs, the rent reserved under the agreement may be taken as the gross value, but where an agreement exceeds this period, say, for five years, and the owner repairing, etc., the rent reserved, plus 5 per cent thereof, should be taken as the gross value. The percentage is added in order to convert the rent into such a sum as the premises would let from year to year. In consequence of the tenant's tenure of

five years certain, the owner would be willing to take a lower rent than he would if the house, etc., was let for twelve months only, with the risk of its being unoccupied at the end of that term. Notwithstanding this theory, it is becoming the practice of the authorities to adopt the rent paid under agreements not exceeding five years as the gross assessment without adding an additional percentage.

Where the premises are held upon lease, and a premium or fine has been paid, the amount of premium must be spread over the term of the lease, and it is customary to use the 5 per cent table for this purpose, and the result obtained, added to the rent fixed by the lease, plus 10 per cent sanctioned by the L.C.C. Assessment Conference, 1919, will be the gross assessment. The premium may be considered as merely rent paid in advance or a commutation of rent. It is not an aggregation of rent but the present value of a terminable annuity; that being so, in addition to the permanent rate of interest which would be required generally (a rate of 5 per cent), an extra percentage is included for the purpose of creating a sinking fund at a rate varying in amount with the duration of the lease, the shorter the term, the larger the rate of interest.

Suppose a manufacturer holds a lease of 20 years unexpired, subject to the usual covenants as to repairs, etc., and to a payment of a rental of £400 per annum. The tenant, owing to an increase of business, enlarges the premises by constructing an additional warehouse which costs him £2,000. This building will, of course, with the others, be surrendered to the landlord at the end of his tenancy. For some reason he has to sublet the entire premises to another person. Obviously he would then charge that person the same head rent, i.e. £400, unless able to obtain an improved rental; in addition he would also require such a rent as would provide him with an income of 5 per cent per annum on his expenditure on the new

building, plus an amount which, if invested at a given rate of interest, would refund him his original capital outlay at the end of the term, as the building would then pass to the ground landlord.

Rent reserved in Lease	£ 400
Cost of New Building (i.e. £2,000) spread over a term of 20 years—	
£2,000 ÷ 12.462 (i.e. present value of £1 per annum at 5 per cent for 20 years) = £160 9s., say	161
	<hr/>
Add 10 per cent for Repairs	56
	<hr/>
Gross Assessment and Annual Rent to be charged to the under-tenant.	617
Deduct $\frac{1}{4}$ th for Repairs and Insurance	102
	<hr/>
Rateable Value	£515

It may be said that the head lessee would be willing to accept only 5 per cent on his outlay, which would result in a rent of £100 per annum, but the prudent and business man would naturally not be content with this and at the same time see his capital wiped out at the termination of the lease. He would, therefore, necessarily charge £61 per annum in addition, which sum invested at 5 per cent compound interest, would result in his £2,000, i.e. his capital, being ultimately reinstated; for example—

Annual Sinking Fund to provide £1 at end of
 20 years at 5 per cent = £.030243
 $£2,000 \times £.030243 = £60$ 9s. to be invested annually.

The foregoing is the method adopted to ascertain the rent at which the lessee "sits." The rating authorities are, however, not concerned with the fact that the lessee has to recoup himself by the end of the term. Acting on behalf as it were of the hypothetical tenant, the rating authorities would inquire as to what extent the new

building has increased the annual value, and what rent will endure after the expiration of the term when the property reverts to the freeholder; the answer would be 5 per cent on the cost of building, or such a rent as is fixed by local economic causes, which possibly, might be a larger sum than the above named rate of interest.

FREEHOLDS AND LONG LEASEHOLDS.

In rating freehold property, the two principal items which are to be found are the values of the site and buildings; as a rule, these figures are arrived at by taking the actual cost of the land and the net cost of the buildings, and in this latter instance care should be taken only to include such sums as are spent in constructing the fabric, and any expenditure on what are termed "tenant's fixtures," should be eliminated. The percentages to be charged vary from 3, $3\frac{1}{2}$, to 4 per cent on the capital value of the land, together with 5, $5\frac{1}{2}$, 6, or 7 per cent on the present value of the buildings. As a rule, 5 per cent should be applied to the most costly buildings and 7 per cent to those of least value.

SOME EXAMPLES.

1. Assessment of a manufactory.

			Rateable Value. £
Land, £2,300 @ 4%	=	92	
Buildings, £3,937 @ 6%	=	236	
		<hr/> 328	
Add 10%,	=	32	
		<hr/> 360	
		Deduct $\frac{1}{6}$ for repairs, etc.	= 300
Value of Plant (engines, etc.)			
£12,000 @ $7\frac{1}{2}$ %	=	900	
		<hr/> 1,260	
Gross Value			
		Rateable Value	= £900

2. Freehold factory.

	Gross Value.	Deductions.	Rateable Value.
Area of Site, 28,897 sq. ft.	£		£
Capital Value of Site @ 4% (£1,560 @ 4%)	= 63		
Cost of Buildings, £6,543 @ 6%	= 392		
	455		
Add 10% for Repairs	= 45		
	500	- $\frac{1}{4}$	= 417
Value of Heating Apparatus— £630 at 10%	= 63	- $\frac{1}{4}$	= 42
Gross Value	= 563	Rateable Value	<u>459</u>

3. Freehold Private Residence.

Purchase Price of Plot of Ground— 30 ft. by 150 ft., £100 @ 4%	= £ 4		
Contract Price for erecting Building, £500 @ 6%	= 30		
	34		
Add 10% for Repairs	= 3		
Gross Value	= £37	- $\frac{1}{4}$	Rateable = £30
		Value	<u>Value</u>

4. Freehold Football Ground.

Cost of Site—	£		£
(a) 8 acres @ £600 per acre = £4,800 @ 4%	= 192	- $\frac{1}{4}$	= 144
(b) Cost of erecting Secretary and Manager's Offices, Players' Dressing-rooms, etc. (brick and slate buildings)— £1,000 @ 6%	= 60	- $\frac{1}{4}$	= 50
(c) Stands and Pavilions constructed of iron girders, wood and cor- rugated iron roofs and sides, £6,000 @ 7%	= 420	- $\frac{1}{4}$	= 315
(d) Rents received from Display of Advertisements (after de- ducting rates)	= 50		50
Gross Value	= £722	Rateable Value	<u>£559</u>

The rate of deductions varies from one-tenth to one-quarter, the variation being made in conformity with the

amount of repairs each section of the valuation will incur. The large deduction of one-quarter in respect of the land is very unusual (as a rule only one-tenth is allowed) but it is apparent that to maintain a football playing pitch, with its considerable wear and tear of the grass, especially round the goal-posts, entails a larger outlay per annum than would a meadow used for ordinary purposes. The stands, etc., also receive a greater margin for repairs than in the case of the offices, for the reason that a wooden-framed building covered with corrugated iron, etc., is less durable than the brick building, and the cost of repairs and renewals would be much higher.

5. Cricket ground. The ground consists of 10 acres, 1 rood, 20 poles, and adjoins a river and is in close proximity to trams and trains. The freehold land has been acquired by a club at a cost of £4,000, and a wooden pavilion has been erected at a cost of £400, and a bowling green has been constructed of the very best turf, at a cost of £400, but it is not proposed to take this latter expenditure into account, as the special turf does not materially improve the rental value of the ground; there are also a number of tennis courts which are sublet to tennis clubs. The ground is used for only five months of the year, and during winter is frequently flooded; the membership of the club is largely composed of local residents.

	Gross Value.	Deductions.	Rateable Value.
Cost of Ground, £4,000 @ 4%	= £160	- $\frac{1}{4}$	= £134
Cost of Wooden Pavilion, £400 @ 7%	= 28	- $\frac{1}{4}$	21
	<hr/>		<hr/>
Gross Value	= £188	Rateable Value	= £155
	<hr/>		<hr/>

6. Convent. Two large houses and gardens at rear are purchased by a foreign religious community, at a cost of £5,400, an additional building is erected at the rear, which consists of dormitories, cubicles, kitchen, laundry, a chapel used occasionally by the general public, and a private

chapel for the use of the inmates of the convent ; the total cost of the additional building is £8,776, and the portion of the building exclusively used for public religious worship is estimated to be worth £4,500. In erecting this building it was necessary to demolish a wing of the old house, consisting of five small rooms, estimated to be worth £250. The following is an example, showing how the assessment was arrived at—

Freehold Value of Houses and Gardens £5,400

Deduct Value of Five Rooms

demolished 250

£5,150

Add Cost of New Build-
ings, Dormitories, Cubi-
cles, etc.

8,776

Deduct portion exempt
used for public worship

4,500

4,276

Gross
Value.

Rateable
Value.

£9,426 @ 5% = £471 £393

7. Engineers' Workshop. A firm of engineering fitters and brass turners purchase a small single floor workshop about 70 ft. by 20 ft., at a cost of £350, and install the usual machinery necessary to such a business ; the premises are old but in a fair state of repair ; the assessment would be made as follows—

		Gross Value.	Deductions.	Rateable Value.
Cost of Workshop	£350 @ 6%	= £21	- ¼	£16

Present Value of Machinery,
which consists of—

- 1 4-h.p. Gas Engine,
- 5 Lathes,
- 2 Drilling Machines,
- 1 Shaping Machine,
- 1 Planing Machine,
- 1 Emery Machine

£300 @ 10%	= 30	- ¼	20
		Rateable	

Gross Value

= £51 Value £36

In calculating this assessment it must be borne in mind that by the decision in *Tyne Boiler Works v. Longbenton* (1886, 18 Q.B.D. 81), followed by that of *Kirby v. Hunslet* (1906, A.C. 43) the Court has laid down the principle that machinery, by its presence, enhances the value of the building in which it is used, notwithstanding the fact that certain portions of the machinery may be merely chattels. It follows, therefore, that the actual equipment of a hereditament must not be left out of account, even though the whole or some part of the machinery and plant is unattached to the freehold or would not pass upon a demise of the hereditament. In the above illustration all the machines were connected to the gas engine by means of shafting annexed to the realty by means of bolts, and the engine was secured by being sunk in a bed of concrete. Theoretically, it is not correct to separately assess the machinery apart from the building, but, in practice, the only means of finding out what is the measure of value to be added to the bricks and mortar value of the building is to take an inventory of the machinery, calculating it at its present value, and finding the rental value which the owner of the machinery would be willing to charge the hypothetical tenant for the use thereof, the rent to be based upon such a rate of interest as will provide a sinking fund to replace worn-out machines.

8. New buildings when cost of erection is unknown. It sometimes happens that information concerning the cost of new buildings is not obtainable, the architect or the owner "regretting they have no information to offer on this point." In the case of ordinary dwelling houses there would be no difficulty in finding an assessment, the usual method being to ascertain how the house in question compares with other similar houses in the neighbourhood and rate it accordingly; however, if the building is of the workshop type, then the usual way is to measure the entire floor area of the building and assess it at the rent

per foot which is obtainable in the surrounding district. This rent, of course varies, the nearer to the city of London the greater the demand for such premises, and rents are higher accordingly. The prices per foot can be obtained from local estate agents who have empty factories, etc., to let—

Superficial Area of new single Floor Workshop—

	Gross Value.	Deductions.	Rateable Value.
115 ft. \times 21 ft. = 2,415 sq. ft. @ 6d. per sq. ft. =	£60	- $\frac{1}{4}$	£50

9. **Enlargement of a leasehold factory.** A manufacturer finds it necessary to enlarge his premises owing to increasing trade. He is now assessed at gross £121 and rateable value £101. A piece of land is leased to him for 99 years at a rental of £35 per annum. The new building costs £1,910. The revised estimate should be as under—

	Gross Value.	Deductions.	Rateable Value.
Present Assessment	£121	- $\frac{1}{4}$	£101
Add Cost of New Factory, £1,910 @ 6%	£114		
„ 10% for Repairs, etc.	11		
„ Ground Rent of additional Land	35		
	£281	- $\frac{1}{4}$	£235

10. The “average value” principle of assessment. In assessing a terrace of houses which are identical in appearance, such as are to be found in great numbers, in the outer suburbs of any town, each with the same amount of frontage and of similar architectural design, to secure uniformity of assessment it is an excellent rule to add together the rents paid by the tenants, and divide the result by the number of houses in the terrace. This system tends to prevent complaints from those persons who, by reason of the fact that they are paying higher rents than their neighbours, are also assessed higher. The practice of

averaging the assessments is increasing, especially outside the metropolitan area where whole streets are exactly alike, e.g.—

No.	2 Paradise Place		Rent £34 per annum
" 4	"	(new tenant)	" 36 "
" 6	"	(")	" 36 "
" 8	"	(old tenant)	" 32 "
" 10	"		" 34 "
" 12	"		" 34 + "
" 1	"		" 34 "
" 3	"	(old tenant)	" 32 "
" 5	"	(new tenant)	" 36 "
" 7	"	(")	" 36 "
" 9	"		" 34 "
			<hr/>
			11)378
			<hr/>
			34 4.

Assessment of each house, say, gross, £34; rateable value, £28.

11. **Licensed premises.** Probably with the exception of railways, tramways, and similar large commercial undertakings, licensed premises present most difficulties to the rating authorities. The rent paid is little or no criterion to the real rental value of the premises. A brewer who, if not the actual freeholder, holds a lease, may let a public-house at a rent varying from £50 to £500 per annum, irrespective of the size or trade that is done. To illustrate a common practice, assume that Messrs. Blank & Co. have purchased a free house (i.e. the tenant is not tied to purchase beer or spirits, etc., from any particular firm) for the sum of £10,000. They then let the house at a rent of £100 per annum, plus an annual sum estimated at, say, 5 per cent on the amount advanced on the lease, which equals £500. If the house had been free, an additional discount would be given to the publican on paying his accounts for beers, etc., but if the tenant is tied, and consequently forced to obtain his requirements from Messrs. Blank & Co., a less discount is given. It is

accordingly argued that the difference in discount is another form of rent.

Rent paid under annual tenancy	:	£	100
Beer Payments £300 per lunar month : £8,900 @ 10%	:	390	
		<hr/>	
Gross	.	490	
Deduct $\frac{1}{8}$ th	.	81	
		<hr/>	
Rateable Value	.	£419	

Where a premium is paid by the incoming licensee, the premises being held under an ordinary repairing lease, half the premium is spread over the term of the lease, and with the rent added, plus 10 per cent for repairs, etc., the result obtained is taken as the gross value.

Only half of the premium is taken into consideration, the remaining moiety being deemed to be the value of the "goodwill" of the business. Where a tenant agreed to pay £80 per annum for a lease with 20 years unexpired, and paid a premium of £10,000, the assessment would be, gross, £528; rateable value, £440, as follows—

Example 12—

Rent	.	£	80
Premium £10,000: one-half, i.e. £5,000 spread over the unexpired term of the lease, of 20 years on the 5% tables ¹ = £5,000 ÷ 12.462 = say		400 ²	
		<hr/>	
Add 10%	.	48	
		<hr/>	
Gross Value	.	£528	
Deduct $\frac{1}{8}$ th	.	88	
		<hr/>	
Rateable Value	.	£440	

Another form of tenancy which is frequently met with is where the tenant pays, say, £100 per annum and deposits

¹ This figure includes an annual charge of 5 per cent on half the premium (i.e. £250), the balance to be invested at 5 per cent compound interest to realize £5,000 at end of term.

² See Table I, Appendix V.

£200 with the brewers as a security for his liabilities (returnable at the end of the tenancy). It is clear that the rent is not the rental value, and that the real and most correct basis of an assessment is the trade done by the occupier. In *Cartwright v. Sculcoates* (1900, A.C. 150) this was the chief factor.

Thus in valuing licensed property it is necessary to take into account the value due to the existence of the licence, because the trade which the occupier carries on can only be carried on upon the premises rated. Therefore, evidence of the trade actually done and of the profits actually made by the occupier are admissible in ascertaining the rateable value.

13. Fully licensed premises on the profit system.

Gross Takings per annum	£	£
		3,000
Gross Profits at (say) 36%		1,080
<i>Outgoings—</i>		
Tenant's Remuneration	150	
Wages and Equivalents	200	
Licence Duty	40	
Breakages and Depreciation of Furniture, Utensils, etc.	30	
Lighting, Coals, etc.	65	
	485	485
		595
<i>Tenant's Capital—</i>		
Stock (say)	350	
Furniture, Utensils, etc.	350	
Cash at Bank (say)	100	
	£800 @	
	(say) 15% 120	
Gross Value, including Rates, etc.		475
Rates, Taxes, and Water		140
Gross		335
Deduct $\frac{1}{4}$ th (say)		55
Rateable Value		£280

It will be seen in this example that the gross assessment is approximately 11 per cent of the takings. This system of rating upon the turnover is rapidly becoming universal. In many boroughs it is the sole method adopted. Its disadvantages are that the procedure is very lengthy. Considerable difficulty is experienced in obtaining statements from the licensees showing their income and expenditure, since in many cases it is not the practice to keep proper books of account.

All publicans keep account books showing their payments to the brewers, and the agreement or lease, of course, states the amount of rent paid, and it is suggested that the system last referred to more nearly approaches that determined by the Court, i.e. that the assessment of a licensed house must be the rental value of such a house as evidenced by its "trade," and which is free to purchase its requirements in any market.

The two leading cases affecting the assessments of licensed premises are *Dodds v. South Shields* (1895, 2 Q.B. 133) and *Cartwright v. Sculcoates* (1900, A.C. 150). The principle laid down in the former case was that, where possible, a fair assessment would be arrived at by comparison with similar houses which were free, but as the brewers have acquired nearly all the licensed premises for the purpose of obtaining an outlet for their beers, it is most difficult to find a free house which is capable of being fairly compared with a tied house, as regards both situation and class of trade.

MODE OF ASCERTAINING VALUE OF LICENCE. By the joint effect of Sect. 2 of the Licensing Act, 1904, and Sect. 7 (5) of the Finance Act, 1894, where the renewal of a licence is refused under the former Act, the amount of the compensation payable on such renewal is, in the absence of agreement, to be based on the price which the licensed premises "would fetch if sold in the open market."

It was held (1) that as among the possible purchasers in the open market would be brewers, and as the price which they would be willing to pay would depend upon the profits which they might fairly expect to make by the supply of liquor to the licensed premises, it is material to inquire into the quantity and quality of the trade previously done by the house under normal conditions and apart from any considerations of a personal or special character, such as the popularity of the licence-holder or the proximity of the licensed premises to the brewery; (2) that there cannot, in addition to the brewer's profit arising from the ownership of the premises and the supply of liquor thereto, be taken into consideration the possible profit which his tenant might expect to make by retailing the liquor so supplied. (*Ashby's Cobham Brewery*, 1906, 2 K.B. 754.)

By Sect. 44 (2) of the Finance (1909-10) Act, 1910, for the purposes of the sub-section the annual licence value of licensed premises shall be taken to be the amount by which the annual value of the premises as licensed premises exceeds the annual value which the premises would bear if they were not licensed premises, and "in estimating for that purpose the value as licensed premises of hotels or other premises used for purposes other than the sale of intoxicating liquor, no increased value arising from profits not derived from the sale of intoxicating liquor shall be taken into consideration." It was held (1) that the *ejusdem generis* rule of construction did not apply to the words "hotels or other premises used for purposes other than the sale of intoxicating liquor," and, consequently, that a public-house which derived part of its profits from the sale of non-intoxicants fell within this provision; (2) that the words "increased value" meant only the extra value arising from the profits of the trade in non-intoxicants due to the fact that the trade was carried on on licensed premises, and not the total value arising from the profits

of that trade. (*Inland Revenue v. Truman, Hanbury, Buxton & Co.*, 1913, A.C. 650.)

Therefore the method of computing the amount to be paid by way of compensation for the extinction of the licence was determined by the trade done as shown by the barrelage and the annual profits thereon. This is a system which can always be ascertained from the stock sheets kept by every publican, and is a much simpler method than that advocated in the *Sculcoats* case, for the reason that statements as to the takings are not always accurate, and the temptation to render false returns is very strong. Especially is this so at the quinquennial valuation, since this is a period when the authorities have little time or opportunity to investigate or check the accounts submitted to them.

14. Railways. To ascertain the rateable value, deduct from the gross receipts the following—

- (1) Expenses and outgoings.
- (2) Gross annual value of the indirectly productive property involved.
- (3) Rates and taxes paid on the indirectly productive property.
- (4) Cost of repairs of the indirectly productive property.
- (5) Statutable deductions on account of the directly productive property.
- (6) Rates and taxes on the directly productive property.
- (7) Interest on capital.
- (8) Tenant's share or the profit that the hypothetical tenant should have to enable him to carry on the concern.

With regard to expenses and outgoings, these have been put as—

- | | |
|---|----------------------------|
| (a) Repairs of permanent way and works. | (d) Traffic charges. |
| (b) Locomotive expenses. | (e) General charges. |
| (c) Carriage and wagon repairs. | (f) Miscellaneous charges. |
| | (g) Legal expenses. |
| | (h) Government duty. |

The indirectly productive property is usually valued on the contractor's theory (*ante*), i.e. by taking a percentage on the value of the land and buildings.

For the directly^uproductive property, the company's accounts, etc., are referred to. The gross receipts in the parish are obtained and from the sum arrived at all working expenses, rates, interest, and profit the hypothetical tenant might require on his outlay of capital is deducted, thus giving the gross value. The tenant's share is usually taken as from $17\frac{1}{2}$ per cent to 20 per cent, i.e. 5 per cent for interest, 10 per cent trade profit, $2\frac{1}{2}$ per cent for risks and contingencies.

Rates and taxes on the productive property must be taken on the actual rateable value arrived at, and not at the figure paid by the company in the past. (*R. v. S. Staffordshire Waterworks Co.*, 1885, 16 Q.B.D. 359.)

PORTION OF A RAILWAY IN A PARISH.

<i>Directly Productive Portion—</i>	£	£
Gross Receipts of Passenger and Goods Traffic		50,000
<i>General Deductions :</i>		
Working Expenses (Passenger and Goods)		
at per train-mile in each case	7,000	
Carriage and Wagon Expenses at per train-mile	2,000	
Traffic Charges	9,000	
General and Law Charges	1,900	
Government Duty	100	
Gross estimated Rental of Stations, including Rates and Taxes thereon, say, 6% on gross receipts (i.e. on £50,000).	3,000	
		23,000
		<hr/>
Tenants' Capital $17\frac{1}{2}$ % on estimated capital necessary in the parish		£27,000
		10,500
Gross estimated Rental and Rates		16,500
<i>Landlords' Deductions :</i>		
Statutory Deductions, Maintenance of Permanent Way, Renewals, and Insurance		1,500
		<hr/>
Net Annual Value and Rates		<u>£15,000</u>

Rates and Taxes at (say) 4s. in the £ on net annual value of £12,500	£	2,500
Gross estimated Rental		14,000
Net Annual Value	£	12,500
<i>Indirectly Productive Portion—</i>		
¹ Land at £1,200 at (say) 4% thereon		48
Value of Buildings £5,000 at (say) 5% thereon		250
Rateable Value		298
Repairs, Maintenance, and Insurance		59
Gross Value	£	357
	Gross Value. £	Rateable Value. £
Directly Productive Part	14,000	12,500
Indirectly Productive Part	357	298
	£14,357	£12,798

Arising out of a recent conference between the assessment committees outside the metropolis and the railway companies, a scheme has been devised and is now in operation by which six rating surveyors appointed by the conference act for all the rating authorities whose areas are worked by the railway companies. Reductions or increases of assessment are made in accordance with the percentage of the trading loss or profit, as the case may be, i.e. a flat rate has been adopted. Therefore, if the accounts as between certain stated periods show, say, a loss of 20 per cent, the assessments throughout the whole of the areas involved are automatically reduced by 20 per cent, i.e. the parochial system of assessment is not applicable.

¹ Land, etc., is usually valued on the following basis—

1. Agricultural land, 3 per cent.
2. Accommodation land (i.e. land ripe for building), 4 per cent.
3. Land and building freeholds, 5 per cent.
4. Land and building leaseholds, 6 per cent and 7 per cent.

15. **Electric tramways.** A specimen valuation is submitted for the purpose of illustrating the method usually adopted when the assessment of an electric tramway is to be found. In the case of tramways, railways, electric light and gas works, the profit system is the correct principle to be pursued, as the contractor's theory of charging a percentage on the capital outlay would result in a much higher rent than the hypothetical tenant would be willing to incur. The first step is to obtain a copy of the latest published accounts of the tramway company or local authority.

GROSS RECEIPTS. It has been contended that the average receipts for three or four years should be taken as the basis of rental value, as defined by the term "gross assessment," which implies that the rent of one year is not to be taken, but that rent at which the hereditament will let from year to year; the practice of the Inland Revenue authorities is also to take the average account of, say, the three years preceding the year under consideration, but the practice is often to fix the rateable value based on the accounts of the year immediately preceding the assessment. Of course, if the accounts for one year contain some special profits, e.g. a considerable rise in the receipts due to the Royal Agricultural Society's show being held in the vicinity of the town, then it would be fair to take the average receipts as a basis.

All the working expenses should be deducted from the gross receipts (except rates and such other items coming under the heading of maintenance, repairs, and fire insurance, as these are separately dealt with) before arriving at the rateable value.

Rates calculated upon the new assessment have to be deducted, not upon the present or old assessment as in the case of *R. v. S. Staffordshire Waterworks Co.*, 1885 (16 Q.B.D. 359), where it was held that the whole of the works being used for the purpose of distributing water as a source

VALUATION OF TRAMWAY.

Gross Receipts for year ended	£		£
31st March, 1923 . . .			51,996
<i>Deduct—</i>			
Traffic Expenses . . .	15,734		
Power . . .	8,884		
	£		
<i>General—</i>			
Salaries . . .	921		
Stores . . .	100		
Stationery, etc. . .	293		
Rents . . .	50		
Accident Insurance . .	1,368		
Fuel, etc. . .	22		
Miscellaneous . . .	118		
	2,872		
Rates at 8s. 5d. in the £ on			
rateable value. . .	4,288	1,804	
		29,294	
Present Value of 60 Cars and			
other Rolling Stock. . .	41,530		
Quarter Cost of Working			
Expenses (£31,321) . . .	7,830		
	49,360 @ 17½%	8,638	37,932
			<u>14,064</u>
	Gross Value . . .		
<i>Deduct—</i>			
"Statutable" Repairs and			
Maintenance . . .	3,354		
Insurance . . .	27		
<i>Renewals—</i>			
Cost of undertaking,			
£304,257; Sinking Fund,			
3 per cent per annum for			
30 years, amount to be			
invested annually . . .	6,395		
			<u>9,776</u>
	Rateable Value. . .		<u>£4,288</u>

The modern tendency is for quarter sessions to allow a sum approximating 10 per cent of the gross receipts as the tenant's share, and most valuers have adopted this basis.

of profit, the whole of the capital expenditure must be taken into account, and not merely so much as would have sufficed to provide the existing supply; and that the deduction to be made in respect of the rates which the hypothetical tenant would have to pay, is the amount of the rates that would be payable on the sum at which the works ought to be assessed, and not necessarily the rates based on the existing valuation list.

The following is the usual method in arriving at this amount: From the gross receipts make *all* the usual deductions, except that for the rates, viz., the deductions on account of expenses, renewals, insurances, tenant's capital, "statutables," etc., multiply the result by 240, i.e. reduce to pence, and divide that by 240 plus the number of pence there are in the rate in the £ for the parish; for example, if the gross receipts be £51,996 and the rateable value, plus the unknown amount to be deducted on account of rate, be £6,092, then £6,092 multiplied by 240 and then divided by 341 will equal the rateable value of £4,288, and the sum in rates to be entered in the valuation is £1,804, the rate being 8s. 5d. in the £.

Tenant's capital. A percentage of the amount of tenant's capital invested in the undertaking has to be deducted, which is usually $17\frac{1}{2}$ per cent, made up by 5 per cent for interest, 10 per cent for tenant's profits, and $2\frac{1}{2}$ per cent for risks and casualties upon present value of the plant and rolling stock. The Courts have sanctioned this practice, and in the last example the tenant's plant is the rolling stock of 60 cars, etc., and the present value is estimated at £41,530. It is also assumed that the capital required to run the company is one-fourth of the annual working expenses. This is comparable to one quarter's expenditure in the shape of rent and expenses which the hypothetical tenant would incur.

The allowance under the heading of risks is in consideration of the risks attached to all trading concerns.

Statutables, repairs, and maintenance. The deductions to be made under the heading of statutables, i.e. deductions provided by statute, is generally the chief matter for contention between the rating authorities and the ratepayers. In calculating the rateable value from the gross estimated rental, statutable deductions must be made for the probable average annual cost of repairs and insurance and other expenses necessary to maintain the hereditament in a state to command the rent (Parochial Assessment Act, 1836, Sect. 1), e.g. sinking fund for the ultimate renewal of the perishable portions of the hereditament, whether such a sum is set aside or not. (*R. v. London and Brighton Railway* 1851, 15 Q.B. 313.) Where the actual average expenses of the repairs and maintenance or renewal of the line in the parish can be ascertained, this is the proper method of ascertaining the statutable deductions. In practice it is customary to deduct the exact amount spent for repairs and maintenance as shown in the accounts, unless the items are abnormal and have been caused by some extraordinary work which is not for the purpose of maintaining the fabric but has perhaps been wrongly charged to the maintenance account when really it should have been charged to the capital account.

Insurance against fire is a statutable deduction, and this figure is generally the actual payments made under that head.

The renewal of the entire undertaking has to be provided for, and a deduction of such a sum which, if invested annually at, say, 4 or 5 per cent compound interest will produce the original value of the buildings, plant and permanent way has to be allowed. It is contended that this term is too long, as the wear and tear of electric tramway equipment will not endure for such a period as 30 years.

Apportionment of track when situated in several parishes. It will be necessary to apportion the value of the tramway

tracks in every parish through which they run. The number of car miles per mile in each parish will be required from the company, and when ascertained should be multiplied by the average net receipts per car mile ; this figure would then be multiplied by the track miles in each particular parish.

Another system, and that most generally in use, is that of the parochial principle, i.e. where in the case of a railway, tramway, water, gas company which extends into many parishes, the value of the whole is spread over such parishes not in equal portions but according to the particular value in each parish, care being taken to ascertain that the aggregate rateable value of the parts is not greater than that of the whole. (*R. v. West Middlesex Waterworks*, 1859, 1 E. & E. 716.) This is ascertained by multiplying the total rateable value of the track (after deducting therefrom the assessment to be placed on the car depots and generating station, determined by charging a percentage on their structural value) by the receipts from the parish of x and dividing the answer by the gross receipts of the undertaking, the result being the rateable value of the track in the parish of x .

CHAPTER VIII

THE RATING OF MACHINERY, MINES, WOODLANDS, SPORTING RIGHTS, AND TITHE RENTCHARGE

THE RATING OF MACHINERY.

THE general use and increasing value of machinery have made its rateability one of the most important and most difficult questions. The principles governing the rating of machinery may be deduced from the following decisions. One of the main factors to be taken into consideration is that machinery ought to be taken into account as enhancing the value of the hereditament in which it is placed for the purpose for which it is used. In arriving at a gross value it is the practice, so far as the metropolis is concerned, to take the sum of 10 per cent, and sometimes $7\frac{1}{2}$ per cent, on the capital value of the machinery and plant and add it to the gross value of the site and building on which it is affixed (or 5 per cent for rateable value).¹

The profits of a weighing machine as being part of a house are rateable to the poor. (*R. v. St. Nicholas, Gloucester*, 1783, 1 T.R. 723, *n.*)

The premises of a distillery contained tanks which formed the roofs of rooms and houses, boiling racks and mash tuns, lying on brick piers against the walls, which formed the floors of some of the rooms and were connected by pipes to other houses, reservoirs, and other articles necessary for the process of distilling. They were all heavy, and either unattached, except by the communicating pipes, to the walls or piers upon which they stood, or fastened only by screws for the purpose of being steadied. Each was to be bought and sold as a separate article, and if all were

¹ In 1904 the London Conference took 10 per cent, and in 1908 and subsequent conferences, $7\frac{1}{2}$ per cent, and this is still in operation, having been also adopted at the 1919 L.C.C. Conference.

removed, the premises might be used for other manufacturing purposes. It was held that these articles were not fixtures, and could not be properly rated in the assessment of the premises to the poor rate. (*Chidley v. West Ham*, 1874, 32 L.T. 486.)

In assessing shipbuilding premises to the poor rate, the value of machinery attached to the premises is to be taken into consideration in ascertaining their rateable value where such machinery, though some of it may be capable of being removed without injury to itself or the freehold, is essentially necessary to the shipbuilding business to which the premises are devoted, and intended to remain permanently attached to them so long as they are applied to their present purpose. (*Laing v. Bishopwearmouth*, 1878, 3 Q.B.D. 299.)

In estimating the rateable value of premises used as a manufactory, machinery and plant placed thereon, for the purpose of making them fit as premises for such a manufactory, are to be taken into account as enhancing the value of the hereditament, although such machinery and plant remain personal property, and are not physically attached to the premises. (*Tyne Boiler Works v. Longbenton*, 1886, 18 Q.B.D. 81.)

Machines used in a factory for the purpose of lace making were each of them, as machines, separate and distinct from each other, and could be easily removed for sale or repairs. It was held that, although some of the machinery and plant was capable of being removed, without injury to itself or the freehold, and although it remained personal property, yet, being essentially necessary and permanently attached to the business, it was all rightly taken into account in estimating the rateable value of the premises as enhancing the value of the hereditament. (*Gifford v. Chard*, 1890, 63 L.T. 249.)

In assessing the rateable value of buildings fitted with machinery adapting them for the particular purpose for which they are used, the machinery is to be taken into

consideration in so far as it enhances the value of the buildings. This rule applies whether the machinery is or is not affixed to the freehold. It is a question of fact whether the machinery does or does not enhance the value of the buildings. The enhanced value is not to be arrived at by valuing the machinery as a separate hereditament and adding a percentage of that value to the value of the buildings. (*Crockett v. Northampton*, 1902, 72 L.J. K.B. 320.)

Tenants' machinery placed in a factory, and used therewith for the business of the factory, whether it be affixed to the freehold or not, may be taken into consideration so as to increase the amount in assessing the factory to the poor rate. The law and practice to this effect have been too long established to be now overruled. (*Kirby v. Hunslet*, 1906, A.C. 43.)

The rateable value of premises used as a factory, which is equipped with machinery for use in connection with the hereditament, is measured by the rent which a hypothetical tenant would be willing to give, and a hypothetical landlord be willing to take, for the right to occupy the building and to use the machinery, it being assumed that the hypothetical landlord provided both building and machinery. (*Smith & Sons v. Willesden*, 1919, 89 L.J. K.B. 137.)

The deduction between gross and rateable value varies. In London the maximum is one-third.

Example. A factory is held on a yearly tenancy, the tenant paying £300 per annum, the landlord being responsible for the repairs, etc. The machinery is of the value of £400, and thus enhances the gross value 10 per cent, viz. £40.

Rent per annum	£	300	Deduct $\frac{1}{3}$ th =	250
Machinery		40	„ $\frac{1}{3}$ rd =	27
		<hr/> 340		<hr/> 277

If one-third is allowed, i.e. one-third of £340, the gross value, the rateable value is £227, this, it will be seen, gives the rateable value as £277.

Efforts have continually been made in Parliament to exempt machinery from rating, and a bill is now before it for consideration.

THE RATING OF MINES.

Only coal mines are rateable under the Act of 1601, for no other mines are mentioned therein. They are assessed on similar principles to those appertaining to railways, tramways, etc. From the gross receipts the expenses are deducted to find the gross value and the usual "statutables" are also allowed. As a rule the valuation is made in two parts, the surface works being assessed on the basis of structural value and the underground workings on the profit system. In many poor law unions the practice is to value all mines annually on the output, which is a very fair basis of procedure.

In cases where mines are worked out, disused, or unoccupied, no rates are payable thereon, but if the cessation of work is only temporary, such as would be caused by a strike or combination of workmen, full rates would be payable.

The Rating Act, 1874, extends the sphere of rating to all mines.

Where a tin, lead, or copper mine is occupied under a lease or leases granted without fine on a reservation wholly or partly of dues or rent, the gross value of the mine shall be taken to be the annual amount of the whole of the dues payable in respect thereof during the year ending on the 31st December preceding the date at which the valuation list is made, in addition to the annual amount of any fixed rent reserved for the same which may not be paid or satisfied by such dues.

The rateable annual value of such mine shall be the same as the gross value thereof, except that where the person receiving the dues or rent is liable for repairs, insurance, or other expenses necessary to maintain the mine in a state to command the annual amount of dues or

rent, the average annual cost of the repairs, insurance, and other expenses for which he is so liable shall be deducted from the gross value for the purpose of calculating the rateable value.

In the following cases, namely—

(1) where any such mine is occupied under a lease granted wholly or partly on a fine ; and

(2) where any such mine is occupied and worked by the owner ; and

(3) in the case of any other such mine which is not excepted from the provisions of this Act and to which the foregoing provisions of this section do not apply ; the gross and rateable annual value of the mine shall be taken to be the annual amount of the dues or dues and rent at which the mine might be reasonably expected to let without fine on a lease of the ordinary duration, according to the usage of the country, if the tenant undertook to pay all tenant's rates and taxes and tithe rent charge, and also the repairs, insurance, and other expenses necessary to maintain the mine in a state to command such annual amount of dues or dues and rent.

The purser, secretary, and chief managing agent for the time being of any tin, lead, or copper mine, or any of them, may, if the overseers or other rating authority think fit, be rated as the occupier thereof.

The term "mine," when a mine is occupied under a lease, includes the underground workings, and the engines, machinery, workshops, tramways, and other plant, buildings (not being dwelling houses), and works and surface of land occupied in connection with and for the purposes of the mine, and situate within the boundaries of the land comprised in the lease or leases under which the dues or dues and rent are payable or reserved.

The term "dues" means dues, royalty or toll, either in money or partly in money and partly in kind ; and the amount of dues which are reserved in kind means the value

of such 'dues. The term "lease" means lease or sett, or licence to work, or agreement for a lease or sett, or licence to work. The term "fine" means fine, premium or foregift, or other payment or consideration in the nature thereof. (Sect. 7.) See *East Pool and Agar v. Redruth*, Appendix III.

Where any poor or other local rate which at the commencement of this Act any lessee, licensee, or grantee of a mine is exempt from being rated to in respect of such mine, becomes payable by him in respect of such mine during the continuance of his lease, grant, or licence, or before the arrival of the period at which the amount of the rent, royalty, or dues is liable to revision or readjustment, he may (unless he has specifically contracted to pay such rate in the event of the abolition of the said exemption) deduct from any rent, royalty, or dues payable by him one-half of any such rate paid by him :

Provided that he shall not deduct any sum exceeding what one-half of the rate in the £ of such poor or other local rate would amount to if calculated upon the rent, royalty, or dues so payable by him. (Sect. 8.)

Where any occupier, lessee, licensee, grantee, or other person is authorized by this Act to deduct any rate or sum in respect of a rate from any rent, royalty, or dues payable by him, then—

1. Any payment so authorized to be deducted shall be a good discharge for such amount of rent, royalty, or dues as is equal to the amount of such payment, and shall be allowed accordingly.

2. Any payment so authorized to be deducted may be recovered as an ordinary debt from the person to whom the rent, royalty, or dues may be payable.

3. The person receiving the rent, royalty, or dues shall have the same right of appeal and objection with reference to the rate and to the valuation of the hereditament in respect of which the rate is payable as he would have if he were the occupier of such hereditament. (Sect. 9.)

There is no rule of law obliging a county council, in arriving at the county rate basis, to assess the value of a colliery with reference to the output of coal during the preceding year, and, therefore, where there has during the preceding year been at the colliery a strike diminishing the output, the test is not the amount that the tenant has worked out in the preceding year, but what a tenant would give in the coming year. (*Tunfield v. Durham C.C.*, 1923, 128 L.T. 315.)

THE RATING OF WOODLANDS.

The Act of 1874 also introduces land used for a plantation or a wood, or for the growth of saleable underwood not subject to any right of common. (Sect. 3.)

The gross and rateable value of any land used for a plantation or a wood, or for the growth of saleable underwood, shall be estimated as follows—

(a) If the land is used only for a plantation or a wood, the value shall be estimated as if the land instead of being a plantation or a wood were let and occupied in its natural and unimproved state.

(b) If the land is used for the growth of saleable underwood, the value shall be estimated as if the land were let for that purpose.

(c) If the land is used both for a plantation or a wood and for the growth of saleable underwood, the value shall be estimated either as if the land were used only for a plantation or a wood, or as if the land were used only for the growth of the saleable underwood growing thereon, as the assessment committee may determine. (Sect. 4.)

Where the rateable value of any land used for a plantation or a wood, or both for a plantation or wood and for the growth of saleable underwood, is increased by reason of the same being estimated in accordance with this Act, the occupier of that land under any lease or agreement made before the commencement of this Act, may, during

the continuance of the lease or agreement, deduct from his rent any poor or other local rate, or any portion thereof, which is paid by him in respect of such increase of rateable value, and every assessment committee, on the application of such occupier, shall certify in the valuation list or otherwise the fact and amount of such increase. (Sect. 5.)

It will be observed that if, apart from the sporting rights, land is only used for the purposes of a plantation, then it shall be rated in its natural state, that is to say, it must be rated at its prairie value, i.e. as if divested of timber, gates, fences, hedges, ditches, etc., and the price per acre must therefore be regulated by the local demand for unimproved land.

If the land is used for the growth of saleable underwood, then the rateable value is much increased, as a profit is derived from the periodical sale of underwood; the position of the wood has also to be considered and the possible demand. Generally, it is only in the vicinity of hop gardens or large towns that any special care is given to the cultivation, and usually, where there is much undergrowth in such woods, the chief concern of the owner is the cover it provides for the rearing and preserving of game. The principal method of valuation is to deduct from the gross receipts the expense of cutting, tying ready for sale, and selling the small wood.

SPORTING RIGHTS.

The rights of fowling, shooting, taking or killing game or rabbits, and of fishing, when severed from the occupation of land, are also brought into rating by the Rating Act, 1874, Sect. 6, and where these rights are severed but not let, and the owner of the rights receives rent for the land, the land is to be assessed as if the rights were not severed; but if the assessment of the land includes the sporting rights, the occupier of the land, unless he has agreed to pay the increased rate, may deduct such increase from his

rent, and the assessment committee, on application by the occupier is to certify in the valuation list or otherwise the amount of the increase so that the tenant may be able to determine the amount of rates to deduct.

Where the sporting rights are let apart from the land, either the owner or the lessee can be rated therefor at the option of the authorities.

Fishing rights are not so expensive a luxury as shooting, the reason being that there is a much greater demand for the latter. In the Eastern counties and Yorkshire, landowners are able to charge large rents where game is plentiful. The assessment is the amount of rent paid for the right, unless the owner has agreed to pay the rates, when they should, of course, be deducted; except for the rates there are no deductions to be made. Care should be taken to assess the rights apart from the land, otherwise the assessment will be described as land, and come within the definition of agricultural land, with rates charged at only one-half.

TITHE RENTCHARGE.

The rateable value of a tithe rentcharge is found by taking the gross income and making certain deductions therefrom. The rule laid down by Crompton, J., in *R v. Goodchild* (1858, E.B. & E. 1) is as follows: "The principle on which we think the assessment should be made is, that the rentcharge is to be assessed, like all other property, according to what it might reasonably be expected to let for from year to year; and in deciding upon such amount, the nature of the property is to be regarded, and it is to be considered whether a profit can be looked to or expected, as in the case of farms; and whether in each particular case anything, over the expenses for collecting, and the allowances for bad debts and law expenses, would be necessary to induce a tenant to take. In each particular case of the kind, this question must be for the persons

making the rate, and for the sessions on appeal. It may be that a tenant might willingly take in some cases far less than the amount which, in addition to an allowance for collection, would secure him positively against all risk of bad debts and law expenses; as the profit of collection itself might be sufficiently remunerative to the party taking, and the other losses might be treated as contingent. It may be that in other cases persons would hesitate to take, with the allowance referred to, without something additional in the way of profits. And we think that this is a question of fact to be determined according to the circumstances of each particular case; the rule in every case being that the amount must be ascertained as that at which a tenant might reasonably be expected to take from year to year."

In *St. Asaph v. Llanrhaadr-yn-nochnant* (1897, 1 Q.B. 511) it was held that costs of collection and bad debts, tenant's rates and taxes, were deductible, but that no deduction could be made for the hypothetical tenant's profits, or repairs to the chancel of the parish church.

The Royal Commission on Taxation appointed in 1896 drew up a special report in 1899 on valuation and rating in respect of tithe rentcharge, in which decisions of the Court in certain cases were summarized, and that the following have been held as deductible from the gross value of tithe rentcharge in order to determine the rateable value—

1. The expenses of collecting the rentcharge, including law expenses therein to enforce payment, and losses by ultimate non-payment.

2. First fruits, tenths and other ecclesiastical dues.

3. A reduction in respect of the profit which a tenant might reasonably consider to be an adequate inducement to take a demise of the rentcharge in cases where the existence of such necessity can be demonstrated to quarter sessions.

4. All usual tenant's rates and taxes.

Deductions are not allowed for—

- (a) Landlord's property tax.
- (b) Land tax.
- (c) Liability to repair chancel of parish church.
- (d) Personal services of parson or vicar.
- (e) Payments to curates
- (f) Payments to daughter churches.
- (g) Pensions to incumbents

(h) Sums paid to the governors of Queen Anne's Bounty in liquidation of loans contracted by the existing or former incumbent.

The Ecclesiastical Tithe Rentcharge (Rates) Act, 1920, follows the Tithe Act, 1918, which limited the rise of the tithe rentcharge. Under the Corn Returns Act, 1882, the tithe rentcharge is based on a Septennial average price of British corn. The rentcharge rose rapidly during the war from an index figure of somewhere below 70s. before the war to 109s. per quarter in 1918. The Act of 1918 prevented a further rise. The Act of 1918, however, did not deal with the rates payable by the owners of the tithe rentcharge. These rates continued to rise. The poor rate paid by the owners of tithe rentcharges amounted in 1918 to £229,000, and in 1919 to £320,000. The present Act stereotypes the rates payable by owners of the rentcharges at the figure at which they stood in 1918. Both the Act of 1918 and the present Act are temporary measures, their duration being till 1st January, 1926.

The Act of 1920 (which does not affect the principles of valuation for rating) provides—

1. (1) The owner of tithe rentcharge attached to an ecclesiastical corporation or benefice is not liable to pay in respect of any rate assessed upon him as owner of the tithe rentcharge, a greater amount than he would have been liable to pay if the rate had been at the amount in the £ at which the corresponding rate was made in 1918.

(2) Where the owner of tithe rentcharge attached to a benefice, before payment of the amount payable by him in respect of any such rate, produces to the collector a statutory declaration (which is exempt from stamp duty), showing that the total income arising from the benefice does not exceed £300, he is not liable to any payment in respect of the rate; and where such total income exceeds £300 but does not exceed £500, he is entitled to an abatement of one-half of the amount that would otherwise be payable in respect of the rate.

(3) Nothing in this Act is to affect the allowance to be made in respect of rates in the assessment of tithe rentcharge for any rate or tax.

By the Tithe Rentcharge (Rates) Act, 1899, Sect. 1, the owner of tithe rentcharge attached to a benefice is liable to pay only one-half of the amount of any rate to which the Act applies, which is assessed on him as owner of that tithe rentcharge, and the remaining half is, on demand made by the collector on the inspector of taxes for the district, to be paid by the Commissioners of Inland Revenue.

STATUTORY REGULATIONS UNDER THE ACT OF 1920.

Where, by reason of the constitution or extension of a borough or urban district, the rates specified in the first column of the Schedule to these regulations are levied in respect of an ecclesiastical tithe rentcharge in lieu of any rates levied in the year 1918 in respect of that rentcharge in any rural parish before the constitution or extension of the borough or urban district, then—

(a) The rates specified in the second column of the said Schedule which were levied in respect of that rentcharge in the year 1918 shall for the purposes of the Act be deemed to be the rate corresponding to the current rate set opposite thereto in the first column of the Schedule.

(b) Subject to any adjustment under rule (2) of the Schedule to the Act, the amount in the £ of the several rates corresponding to the current general district rate shall be deemed to be the proportion shown in the third column of the Schedule hereto of the amount in the £ of those rates, and the sum of the amounts so ascertained, multiplied by four, shall for the purposes of the Act be deemed to be the amount in the £ of the rate in the year 1918 corresponding to the general district rate.

(c) Subject to any adjustment as aforesaid, the amount in the £ of the rate in the year 1918 corresponding to the current poor rate shall for the purposes of the Act be deemed to be so much of the amount in the £ of the poor rate as was levied in the year 1918 on hereditaments not being agricultural land to meet expenses other than those mentioned in sub-paragraphs (a), (b), and (c) of the second column of the said Schedule.

A current rate levied in respect of an ecclesiastical tithe rentcharge shall, subject to the provisions of these regulations, be deemed to correspond with the rate levied in respect of that tithe rentcharge in the year 1918, notwithstanding any change of rating authorities in the area for which the rate was levied by reason of an alteration of boundaries or otherwise. (See Schedule p. 116.)

Where the amount in the £ of any current rate is not greater than the amount in the £ of the corresponding rate in 1918, no relief is given to the owner, notwithstanding that the amount assessed upon him may be greater than the amount so assessed in 1918 in consequence of an increase in the rateable value of the tithe rentcharge.

The total or partial relief from the payment of rates which has been referred to is given only in the case of tithe rentcharge attached to a benefice. The relief is dependent upon the total income arising from the benefice not exceeding the specified amounts, and any income which the incumbent may derive from other sources is not to be

SCHEDULE.

Rate levied in Borough or Urban District as constituted or extended.	Corresponding Rate levied in Rural Parish in the year 1918 before the constitution or extension of the Borough or Urban District.	Amount in the pound payable by Owner of an Ecclesiastical Tithe Rentcharge in respect of Rate corresponding to General District Rate.
GENERAL DISTRICT RATE	<p>(1) So much of the amount in the pound on hereditaments not being agricultural land of any poor rate as was levied to meet:</p> <p>(a) The general expenses of the rural district council, including highway expenses;</p> <p>(b) Expenses under the Public Libraries Act, 1892;</p> <p>(c) Expenses under the Baths and Wash-houses Acts, 1846 to 1899.</p> <p>(2) Any separate rate for special expenses.</p> <p>(3) Any lighting rate.</p>	<p>(1) One-half, or in the case of a tithe rentcharge attached to an ecclesiastical corporation, the whole of the amount in the pound on hereditaments not being a gricultural land.</p> <p>(2) One-quarter of the amount in the pound.</p> <p>(3) One-third of the amount in the pound.</p>
POOR RATE	<p>So much of the amount in the pound on hereditaments not being agricultural land of any poor rate as was levied to meet expenses other than the expenses mentioned in (a), (b), and (c) above.</p>	

taken into account. The amount of the relief from the rates which is given to owners of tithe rentcharge by the Act is to be written off as irrecoverable. The provisions of the Act do not, therefore, affect the amount to be entered in the rate book as assessed upon the tithe owner in respect of the tithe rentcharge, but the sum from the payment of which the Act relieves the tithe owner will be

entered in the appropriate column in the rate collection account as irrecoverable.

The following is an example of the effect of relief provided by the Act of 1920—

	£	s.	d.
<i>Under £300</i> —A is assessed in 1918 at £200 at 5s. in the £, the rates due being.	50	-	-
The incumbent, whatever the rate in the £ is to-day, and assuming the assessment to be the same, would pay £25 of this, but is relieved by the Act and now pays nothing; the amount is, therefore, written off.			
Inland Revenue would pay the other half of the rate, viz.	25	-	-
If the rate in the £ was higher to-day, or the assessment increased, the Inland Revenue would continue to pay the half on the basis of the current rate and assessment on tithe rent charge attached to a benefice.			
<i>From £300 to £500</i> —A's assessment was increased in 1920 to	200	-	-
He now makes declaration of income between £300 and £500.			
The rates have increased to 10s. in the £.			
Therefore the amount to collect is	110	-	-
Inland Revenue paying	55	-	-
The incumbent pays on the basis of £220 assessment; he would not pay £55, which is half of 10s. in the £ on £220.			
He would pay on £220 at a half of a half of 5s. in the £, which was the rate in the £ in 1918, viz.	13	15	-
	<u>£41</u>	<u>5</u>	<u>-</u>

Where two benefices are united into one benefice "for ecclesiastical purposes only," under Sect. 16 of the Pluralities Act, 1838, such benefices remain distinct, for the purpose of relief in respect of rates under the Act of 1920, and do not constitute a district formed "for ecclesiastical purposes by virtue of statutory authority" within the

¹ From an interesting paper by F. W. Judge, Assistant Overseer, Ipswich.

meaning of the Tithe Rentcharge (Rates) Act, 1899, Sect. 2 (1) (b). (*Keane v. Ashbocking*, 1922, 1 K.B. 143.)

In calculating the total income for the purpose of the statutory declaration under Sect. 1 (2) of the Act of 1920, the owner is entitled to deduct annual payments ordered to be made by Order in Council to other parishes, and also payments ordered to be made by declaration of a bishop to a former incumbent, the total income arising from the benefice meaning the total income arising to the owner of the tithe rentcharge attached to the benefice. (*R. v. Latchingdon*, 1922, 2 K.B. 14.)

Two benefices were held together by one incumbent. Each parish had a separate church, churchwardens, registers and tithe rentcharge, and was in all respects a separate parish, the parishioners of one having no rights in the parish of the other. The tithe rentcharge of one was £275, and of the other £153 a year. The rector, by statutory declarations under Sect. 1 (2), claimed the exemption from rates afforded by the sub-section on the ground that the two parishes constituted two benefices, and that the income of neither exceeded £300. It was held that upon the evidence the parishes could not be treated as two separate entities, and that the rector could not invoke the relief granted by the Act of 1920. (*Carpenter v. Laindon*, 1922, 127 L.T. 555.)

CHAPTER IX
THE GENERAL RATE
(THE METROPOLIS ONLY)

LEVY OF GENERAL RATE.

THE general rate (London Government Act, 1899, Sects. 10 to 13) concerns only the metropolis, the corresponding rate outside the metropolis being the general district rate (Public Health Act, 1875, Sects. 209, *et seq.*), see *post*.

All the expenses of a metropolitan borough council incurred in the discharge of its duties are met out of the general rate.

The London Government Act, 1899, provides—

10. (1) A scheme under this Act shall provide for all the expenses of a borough council being paid out of the general rate, and for the discontinuance of a separate sewers rate and separate lighting rate, but shall make provision for protecting the interests of owners and occupiers of any hereditament which is exempt from any rate or liable to be assessed thereto at a less amount than other hereditaments.

(2) The general rate and the poor rate shall be assessed, made, and levied together by the borough council as one rate, which shall be termed the general rate, and shall be assessed, made, collected, and levied as if it were the poor rate, and all enactments applying or referring to the poor rate shall, subject to the provisions of this Act as to audit, be construed as applying or referring also to the general rate.

(3) Where a borough comprises more than one parish, the amount to be raised to meet the expenses of the borough council, or other sums payable as part of those expenses, shall, subject to any provision required for the adjustment

of local burdens, be divided between the parishes in proportion to their rateable value.

(4) Where any of the adoptive Acts, or any local or other Act, does not extend to the whole borough, any rate required to meet the expenses incurred under the Act shall, subject to the provisions of any scheme under this Act, be levied together with, and as an additional item of, the general rate over the area to which the Act extends.

Basis of Assessment. The general rate is assessed upon the rateable value appearing in the valuation list in force when the rate is made; it is made in the prescribed form and entered in a rate book. A declaration in the prescribed form must be signed by the town clerk before the rate is presented to the justices for allowance. (Valuation (Metropolis) Act, 1869, Sect. 73.)

Any person aggrieved by reason of any clerical or arithmetical error in the rate may apply to two justices or to a stipendiary magistrate, who, after notice has been given to the borough council, may amend the same. (Act of 1869, Sect. 71.)

If the name of any person liable to be rated is omitted from the rate, or is described in it by a wrong name, the borough council may, after 7 days' notice to such person, apply to two justices or a magistrate, who may amend it by inserting or correcting the name. Any person whose name is so inserted or corrected may appeal against the same in the same manner as he might have appealed against the rate. (Act of 1869, Sect. 72.)

Where, owing to alteration in the occupation of any property, such property is liable to be rated in parts not mentioned in the valuation list as rateable hereditaments, such parts may, where a supplemental list showing the annual value of such parts has not been approved, or has not been made, be rated in such amounts as shall be fair apportioned parts of the annual rateable value of the hereditaments out of which such parts have been

constituted. (Union Assessment Committee Act, 1862, Sect. 28.)

The demand note shows the several purposes of the rate, including the equalization charge, if any, and the amount in the £ required for each purpose. Generally, the persons rateable to the poor rate in the metropolis are the same as those outside the metropolis.

OVERSEERS AND COLLECTION OF RATES.

The council of each borough shall be the overseers of every parish within their borough, and shall appoint such officers as may be required to assist in the transaction of the business, and shall defray the expenses of and incidental to the performance of the duties of overseers. Provided that the town clerk of each borough shall have the powers and duties and be subject to the liabilities of overseers with respect to the preparation of lists of voters and of jury lists in the borough, and any document required to be signed by overseers may be signed by the town clerk. (Act of 1899, Sect. 11 (1).)

Every precept issued by any authority in London for the purpose of obtaining money which is ultimately to be raised out of a rate within a borough, other than a precept sent to the guardians by the Ministry of Health or by a body containing representatives elected by the guardians, shall be sent to the council at their office, addressed to the council or to the town clerk. Any such precept, if so sent and addressed, shall be deemed to be personally served on the council, and shall be executed by them. "Precept" in this section includes any order, certificate, warrant, or other document of a like character, and the Ministry of Health may settle the form of any precept as so defined. (Sect. 11 (2).)

This sub-section applies to all other precepts whether issued by the county council, the guardians, or any other authority.

The borough council as overseers must, therefore, levy a poor rate in order to raise certain sums which the council is required by precepts to pay to other authorities and which must be raised by means of the poor rate, e.g. London County Council, which issues precepts to satisfy the county rate, boards of guardians, the Receiver of the Metropolitan Police District. The poor rate is made and levied together with the general rate as one rate, which is called the *general rate*.

Deficiency in Water Fund. The Metropolis Water Act, 1902, provides—

The Metropolis Water Act, 1902, provides—

15. (1) There shall be established a water fund, and all receipts of the Water Board shall be carried to that fund, and all payments by the Board shall be made out of that fund.

(2) Any sum required to meet any deficiency in the water fund, whether for satisfying past or future liabilities, in any financial year, shall be apportioned amongst the City of London and the metropolitan boroughs in the County of London and the municipal boroughs and urban districts outside London, the councils of which are for the time being entitled to be represented on the Water Board, in proportion to the rateable value appearing in the valuation lists in force on the preceding 6th April of the hereditaments at that date supplied with water by the Water Board or any metropolitan water company or the council of the urban district of Tottenham or Enfield in the City, and each such borough and district.

Equalization Fund. The London (Equalization of Rates) Act, 1894, Sect. 1, provides that the L.C.C. shall in every year form a fund equal to a rate of 6d. in the £ on the rateable value of London, according to the valuation lists as they stand on the 6th April in each year, and shall determine the contribution from each parish by apportioning the amount of half the Equalization Fund among the

parishes in proportion to their rateable value according to the said valuation lists; and Sect. 2 directs the Ministry of Health to prescribe the forms of contribution orders, precepts, demand notes, and receipts so far as is necessary for stating therein as a separate item any equalization charge, and any credit in respect of a receipt under the Act which affects the sum named therein. See *Metropolitan Water Board v. St. Marylebone*, Appendix III.

SEWERS RATE OR ITS EQUIVALENT.

As between landlord and tenant, every tenant who, if this Act had not been passed, would have been entitled to deduct against or to be repaid by his landlord any sum paid by the tenant on account of the sewers rate, shall in like manner be entitled to deduct against or to be repaid by his landlord such portion of the general rate as represents the sewers rate. (Act of 1899, Sect. 12.)

A sewers rate is a landlord's rate, and is payable by the landlord except where there is a covenant to the contrary. Where in a lease of premises at a ground rent the lessors covenanted to pay the land tax chargeable on the demised premises, it was held that the covenant must be construed as referring only to so much of the total land tax chargeable on the premises as was proportionate to the benefit derived therefrom by the lessors, i.e. the amount of the ground rent. (*Mansfield v. Relf*, 1908, 1 K.B. 71.)

By a lease, four floors of certain premises were demised for 21 years at a rack rent, and the lessee covenanted to pay during the term all rates and taxes "now payable or hereafter to become payable in respect of the said premises." The lessee subsequently sublet the four floors to different persons at profit rentals, the result being that the rating assessment of the four floors was increased. It was held that there was no ambiguity in the lessor's covenant; that there was no general rule of construction which required the Court in the circumstances to depart from the

plain meaning of that covenant and to construe it as only imposing a liability on the lessor proportionate to the rent reserved by him, and that, therefore, the lessor was liable for the whole of the increased rates: (*Salaman v. Holford*, 1909, 2 Ch. 602.)

Tithe. The Tithe Act, 1836, Sect. 80, permits a tenant who pays tithe rentcharge to deduct the amount thereof from the rent, and he is to be allowed the same in account with his landlord. A tenant paid the charge for several years, during which he made no deductions from the rent as it became due. On a further payment of rent becoming due, he claimed under Sect. 80 to deduct the aggregate amount of the payments made by him in respect of the charge in the previous years. It was held that each deduction should have been made from the next payment of rent, and could not be carried into account in the payment of any subsequent rent. (*Dawes v. Thomas*, 1892, 1 Q.B. 414.)

ASSESSMENT COMMITTEES.

Where the whole of a poor law union is within one borough, the assessment committee shall, notwithstanding anything in Sect. 5 of the Valuation (Metropolis) Act, 1869, be appointed by the borough council instead of by the board of ~~guardians~~ guardians, and, where the borough comprises the whole of two or more unions, the council shall appoint only one assessment committee for those unions, and where the council appoint the assessment committee the town clerk shall act as the clerk to that committee. (Act of 1899, Sect. 13.)

Where, in a parish not included in a union and which has a vestry, there is a board of guardians with power under any local Act to make a poor rate, the board appoint the assessment committee; and where two of such parishes are united for the purposes of making such rate, the committee is to be appointed by the guardians of the united

parishes. The appointment is to be from among the appointing body, and is to consist of not less than six nor more than twelve. (Act of 1869, Sect. 5.) Where the borough council areas are not coterminous with that of the Board of Guardians, the latter will appoint the assessment committee.

APPEAL AGAINST GENERAL RATE.

By Sect. 45 of the Act of 1869, the valuation list is conclusive for the purposes of certain rates, etc. There is, therefore, no appeal against the general rate in the metropolis in regard to matters upon which the valuation list is conclusive.

Before 1900, general district rates made in Woolwich under the Public Health Act, 1875, were assessed, in respect of land covered with water, upon one-fourth part only of the annual value. Sect. 10 of the Act of 1899 protected the interests of owners and occupiers liable to be assessed at a less amount than other hereditaments. The owners of land, part of which was covered with water, having been assessed in the valuation list in one amount for the whole hereditament and rated in respect thereof to the general rate upon the full annual value, and to the full amount of the rate, it was held that the owners were entitled to appeal against the rate without objecting to the valuation list before the assessment committee. (*London & India Docks v. Woolwich*, 1902, 1 K.B. 750.)

An appeal does not lie against a rate based on a provisional list on the ground that there had been no alteration in value which justified the inclusion of the hereditament in that list.

The appellants, as owners of tramways having reconstructed certain tramway lines, the respondents as overseers raised the rateable value of the tramway lines by a provisional valuation list to the extent of £1,000. The appellants appealed to the quarter sessions against a

general rate based upon the provisional list. It was held that, as there was evidence before the assessment committee of alterations in the hereditament, the question whether they had rightly come to the conclusion that such alteration had resulted in an increase of value was not one which could properly be raised on appeal to quarter sessions. (*L.C.C. v. Shoreditch*, 1911, 75 J.P. 386.)

THE CITY OF LONDON.

In the City of London, the Mayor and Commonalty and Citizens, acting through the common council, are the overseers of the parish of the City of London. (City of London (Union of Parishes) Act, 1907, Sects. 11 and 13.)

Under this Act 112 city parishes were united into one parish, viz. that of the City of London; also for some purposes the City has jurisdiction over the Inner and Middle Temples.

As overseers the common council make and levy a poor rate, which includes expenses of the common council and sums required by other authorities who levy their money by precept, viz. the London County Council and the Guardians of the City of London Union.

The common council also makes a separate and distinct general rate, which includes sums raised for the purposes of the old sewers rate, consolidated rate, police rate, and other expenses. An appeal against the general rate lies to the quarter sessions for the City of London, but an appeal against the county rate lies to the quarter sessions of the County of London and not to the City of London. (*R. v. L.C. Justices*, 1912, 2 K.B. 556.)

PRIORITY OF RATES AND TAXES IN BANKRUPTCY AND WINDING UP.

Applicable both to the metropolis and outside the metropolis, the Bankruptcy Act, 1914, Sect. 33, provides

that in the distribution of the property of a bankrupt there shall be paid in priority to all other debts—

(a) All parochial or other local rates due from the bankrupt at the date of the receiving order, and having become due and payable within twelve months next before that time, and all assessed taxes, land tax, property, or income tax assessed on the bankrupt up to the 5th day of April next before the date of the receiving order, and not exceeding in the whole, one year's assessment.

(b) All wages or salary of any clerk, or servant, for four months, not exceeding £50; of any labourer, or workman, for two months, not exceeding £25.

(c) All amounts due in respect of workmen's compensation.

(d) All contributions payable by the bankrupt under the National Insurance Act, 1911.

The foregoing debts are to rank equally and be paid in full, unless there is insufficient to meet them, in which case they are to abate in equal proportions.

The rule that on a proof for a judgment debt the Court will go behind a judgment and ascertain whether there is a provable debt, does not apply to a proof for assessed taxes. Where therefore a debtor, who had carried in a scheme of arrangement, applied to expunge a proof for an assessment to income tax on the ground that he had made no profits assessable to duty, the application was dismissed. (*Re Calvert*, 1899, 2 Q.B. 145.)

In December, 1898, a company went into liquidation. In January, 1899, the receiver paid poor rate and district rate made in October, 1898, and water rate, which was payable according to meter. He claimed to be recouped these payments as preferential payments. It was held that the question being one between mortgagor and mortgagee, not between successive occupiers, and the poor rate and district rate being due from the company at the date of the winding up, the liquidators must pay the whole

amounts out of the general assets, but that the water rate was not due until the water was supplied, and must be apportioned, the liquidators paying only so much as was due at the date of the commencement of the winding up. (*Re Mannesmann Co.*, 1901, 2 Ch. 93.)

The priority as to payment of rates applies in the case of a deceased insolvent whose estate is being administered in the Chancery Division. (*Re Heywood*, 1897, 2 Ch. 593.)

Rates payable in advance by the occupier in respect of a period partly before and partly after the receiving order, will be payable in full if the bankrupt does in fact occupy for the whole period.

In *re Thomas* (1887, 4 Morrell 295) a tenant of a house and shop was adjudicated bankrupt on 17th January, 1887. The trustee did not disclaim the lease, but on 1st February, 1887, sold his interest in it, the bankrupt remaining in occupation as tenant under the purchaser. At the date of adjudication there was due from the bankrupt a rate made in October, 1886, for the half-year ending 25th March, 1887, and payable in advance. It was held that the estate of the bankrupt was liable to pay the rate for the whole half-year and not merely an apportioned part of it up to the date of adjudication.

WINDING UP OF A COMPANY.

Provisions similar to those under the Bankruptcy Act, 1914, Sect. 33 (*ante*), relating to the preferential payment of rates, taxes, etc., in the case of bankruptcy, are by Sect. 209 of the Companies (Consolidation) Act, 1908, to apply in the winding up of a company.

Where Sect. 209 is not applicable, the whole of a rate assessed before the winding up for a period in the course of which the winding up commences is a debt of the company at the winding up, and is provable; the rate cannot be apportioned and payment in full obtained of so much of the apportioned part as is attributable to the period after

winding up is commenced. The Apportionment Act does not apply, and inasmuch as the occupation both before and after winding up is the same, viz. that of the company, and not of the company before and of the liquidator after winding up, Sect. 211 (3) of the Public Health Act, 1875, does not apply.

Where rates were assessed on the 20th April for the ensuing six months upon the premises of a company which was wound up on the 22nd August following, the business being subsequently carried on by the liquidator, it was held that there was no power to apportion the rates under the Apportionment Act; that there was no change in the occupation under the Act of 1875; and, consequently, the whole of the April rates must be proved for in the liquidation. (*Re Wearmouth, &c., Co.*, 1882, 19 Ch. D. 640.)

A rate made after the winding up upon premises of which the liquidators retain beneficial occupation for the convenience of the winding up is no doubt payable in full. (*Re West Hartlepool Iron Co.*, 1876, 34 L.T. 568.)

Any sums due in respect of rates, etc., which are not accorded priority by Sect. 209 must be proved for, and any incurred in the course of the winding up must be proved for unless the liquidator has kept in the property for the benefit of the liquidation. In such case, they may have to be paid in full.

Where the occupation by the liquidator had not been beneficial, an application for payment in full of rates made after the liquidation commenced was refused. (*Re Watson*, 1883, 23 Ch. D. 500.)

An hotel company was wound up by order of the Court, and the liquidator was directed to sell the hotel, with liberty to carry on the business till the sale, so as to sell it as a going concern. The liquidator carried on the business, but made no profit by it. Shortly after the commencement of the winding up a poor rate was made, and the overseers claimed payment of the rate from the liquidator in respect

of his occupation of the hotel. It was held that the rate must be paid in full. (*Re International Marine, &c., Co.*, 1884, 28 Ch. D. 470.)

A company was being wound up, the liquidation commencing in 1882. The liquidator did not keep the concern in full work, but remained in occupation for the purpose of carrying out some pending contracts and finishing a quantity of unfinished articles. In March, 1883, a rate was made for 1883 on all property within the district. It was held that as the liquidator had from the commencement of the winding up occupied the property for the purposes of the company, and with a view to acquiring gain or avoiding loss to the company, the rate ought to be paid in full. (*Re National Arms Co.*, 1884, 28 Ch. D. 474.)

Between the dates of the appointment of a provisional liquidator on a winding-up petition and of a subsequent resolution by a company for a voluntary winding up, overseers proceeded, without leave of the Court, to distrain for rates which had become due for the current half-year. It was held that, as the overseers' right of distress was defeated only by the appointment of the provisional liquidator, the case was one where, if leave to distrain had been applied for, it would have been granted. (*Re Dry Docks Corporation*, 1888, 39 Ch. D. 306.)

"I am disposed to think that the true test is whether there has been a beneficial occupation within the ordinary meaning of those words in cases as to rating." (Bowen, L.J., in *Re National Arms Co.* (*ante*).)

Where a caretaker is employed by the liquidator to take possession of the company's premises and the plant thereon to prevent trespass and injury, though the business is not carried on and there is no intention to sell it as a going concern, there is a "beneficial occupation" in respect of which rates must be paid in full. (*Re Blazer Fire Lighter, Ltd.*, 1895, 1 Ch. 402.)

A trustee in bankruptcy, having taken possession of the debtor's business premises, found that the water rate was in arrear. The trustee offered to pay in advance from the date of adjudication for a supply of water, but the company declined to supply it unless the arrears were paid and cut off the water. The trustee then paid the arrears under protest. It was held that the trustee, being in the position of an incoming tenant, was not liable for the arrears, and was entitled to recover the amount paid under protest. (*Re Flack*, 1900, 2 Q.B. 32.)

When a poor rate is assessed upon any corporation, joint stock, or other company, a demand for payment, either by letter sent through the post addressed to the clerk, secretary, other principal officer or trustees of the corporation or company at their office, or made personally upon such clerk, etc., at such office, shall be deemed a sufficient demand, and a summons for non-payment of such rate may be served in like manner. (Poor Law Amendment Act, 1868, Sect. 40.)

CHAPTER X

THE POOR RATE OUTSIDE THE METROPOLIS

THE VALUATION LIST.

THE overseers of a parish are charged with making valuation lists, making and levying the poor rate, and defending objections and appeals against the poor rate. In practice, many of the duties of the overseer are performed by the assistant overseer; and, owing to modern legislation, the one duty left to the overseer is that of making the rate. Rates are usually made every half-year, and are payable in two instalments. On rare occasions they are made for one quarter only or for one year.

If the overseers do not make a sufficient rate, the Court will grant a mandamus to compel them to do so. (*R. v. Barnstaple*, 1728, 1 Barn. 137.)

ALLOWANCE OF THE RATE.

The poor rate book, with its list of all rateable property in the valuation list, including empty houses if ready to be occupied, together with the sum to be collected in respect of each hereditament and any recoverable arrears of former rates, must be signed by the overseers, and consented to by two justices of the peace or a stipendiary magistrate. This consent is called the allowance of the rate; and the justices must make the allowance for parishes within their jurisdiction. If they do not, a mandamus will issue compelling them to do so, and such mandamus will be made absolute in the first instance. (*R. v. Godolphin*, 1844, 13 L.J. M.C. 57.) The rate is due as soon as it is allowed and published.

PUBLICATION OF THE RATE.

The publication is by posting, prior to the time of divine service on Sunday, notices, affixed on or near the door of

every church and chapel of the Established Church in the parish, at which divine service is actually performed. If the parish contains no such church or chapel, then the notice must be affixed in some public or conspicuous place in the parish. Such notices need not be signed. (*Burnley v. Methley*, 1859, 1 E. & E. 789.) The rate is then due and can be collected.

NEW LISTS.

A new list is made by direction of the assessment committee of the union, on its own initiative, or on application by an aggrieved person; and the assessment committee may direct it to be made by the overseers, or by a person specially appointed for the purpose. Such person may be appointed to make a new valuation for a new list, or to assist the assessment committee in its revision work, or in valuing the rateable hereditaments of the union. Previous consent of a majority of the guardians present and voting at an ordinary meeting, and of which meeting all guardians have had notice, must be obtained to the appointment. The remuneration of such valuer is paid out of the common fund.

INSUFFICIENCY OF RATE.

Should the rate made be found too little to meet the expenses for the period specified in the lists, the overseers, under the Poor Rate Assessment and Collection Act, 1869, Sect. 14, may make a further rate. The rate book must show the purposes, and the period for which the rate is made. All uncollected amounts of the previous rate must also be shown.

At the expiration of 14 days from the Sunday already referred to when the notice was affixed, by Sects. 17 and 27 of the Union Assessment Committee Act, 1862, the overseers must transmit the list to the assessment committee, and the assessment committee, under Sect. 5 of the Union Assessment Committee Amendment Act, 1864, gives notice

to certain railway and other companies named in the list, as occupiers not having any office or place of business in the parish to which such list relates. Such notice may be sent by post to the principal or one of the principal offices of the company, and must give the sum or sums set down as the rateable value of their occupations.

INSPECTION OF RATES.

Publicity having been given by due publication, any person assessed or liable to be assessed to the poor rate in the parish, also too (after transmission), any overseer or ratepayer in the union, may, free of charge, inspect and take extracts from the list, i.e. copies of his own making. (Act of 1862, Sects. 17 and 27; Parochial Assessments Act, 1836, Sect. 5.) Under the Poor Rate Act, 1743, Sect. 2 (17 Geo. II, c. 3), such person has a right to be supplied with copies of the list at 6d. for every 24 names.

SUPPLEMENTAL VALUATION LIST.

Under the Poor Law Amendment Act, 1868, Sect. 38, a supplemental list must be made by the overseers where property not in the valuation list, not being complete or fit for occupation, and not entered as such in the list when the current rate was made, becomes rateable. Such list contains only the property concerned. The procedure as to deposit, hearing objections, re-deposit, and approval is the same as for the original valuation list.

REVISION OF VALUATION LIST.

Under Sect. 16 of the Union Assessment Committee Act, 1862, the assessment committee may, "for ensuring a uniform and correct valuation of every parish in the union," direct that any existing valuation of the rateable hereditaments be revised in whole or in part, or a new valuation be made thereof by the overseers. In *Stirk v. Halifax* (1922, 1 K.B. 264), the overseers made a supplemental valuation list, upon the basis of an addition of

25 per cent, to the gross and net values of certain classes of property other than those attached to business premises; and there was no evidence of any individual valuation of any one hereditament in the parish. It was held that the list as made was not a valuation list within the meaning of Sect. 16, and that the overseers should have taken into consideration each of the individual hereditaments.

In *Double v. Southampton* (1922, 2 K.B. 213) there was an appeal against the rate in respect to a public-house, and the facts were shortly as follows: Valuers were appointed in November, 1919, to re-assess licensed premises, breweries, places of amusement, and waterside properties on condition that the whole was completed by January, 1920. As a fact, in March, 1920, the re-valuation had not been completed; but a supplemental list was approved by the assessment committee containing such licensed premises as had been revalued, but the assessment of others remained unchanged. In April, 1920, a poor rate was made on the basis of the old valuation list as amended by the supplemental list, and the appellant's assessment had been increased from £60 gross to £110 gross, and from £48 net to £88 net. On objection, the figures were amended to £100 gross and £80 net. On appeal to quarter sessions against the said rate of April, 1920, it was held the rate was unfair and unequal, and this was upheld in the appeal to the High Court. The assessment committee had no right to impose upon some owners of a certain class of property a higher rate than upon other owners of a similar class of property.

PURPOSE FOR WHICH RATE IS LEVIED.

Under Sect. 1 of the Poor Relief Act, 1601, the overseers of the poor may raise "competent sums of money for and towards the necessary relief of the lame, impotent, old, blind, and such other among them being poor and not able to work." This section is the source of the authority

for the levying of the poor rate of to-day required for the expenses of the overseers, and for funds to meet precepts addressed to them by guardians of the poor, municipal corporations, district councils, parish councils, parish meetings, and burial boards. Such rate may only be made to meet the expenses that are about to be incurred. It is deemed to be made on the date of the "allowance" (*ante*) and is made on all property that is rateable in the parish. It cannot be made to repay loans, unless they have been borrowed and charged upon the poor rate under statutory powers, though charges of legal proceedings necessarily incurred may be repaid to the overseers therefrom.

Under Sect. 14 of the Poor Rate Assessment and Collection Act, 1869, a new rate may be made before the period of the former one has expired; and under Sect. 15, the overseers may make a rate for any period within their term of office and also payable by instalments when made for a period of more than three months. Under Sect. 18 of the same Act, the production of the rate book with the "allowance" is *prima facie* evidence that it has been made and published, i.e. if it is made in the prescribed form.

Rating of Agricultural Land. Since, under the Agricultural Rates Act, 1896, Sect. 1, agricultural land is exempt from one-half of the rates, it is provided by Sect. 5 that the value of agricultural land be stated separately from those of buildings in the valuation list, as in the following form—

Name of Occupier	Name of Owner	Description of Property	Name or Situation of Property	Estimated Extent	Gross Estimated Rental	Rateable Value of Agricultural Land	Rateable Value of Buildings and other hereditaments not being Agricultural Land
1	2	3	4	5	6	7	8
				<i>a. r. p.</i>	<i>£ s. d.</i>	<i>£ s. d.</i>	<i>£ s. d.</i>

OBJECTIONS TO THE VALUATION LIST.

Under Sect. 18 of the Union Assessment Committee Act, 1862, "Any overseer or overseers of any parish in any union who shall have reason to think that such parish is aggrieved by the valuation list of any parish within such union, or any person who may feel himself aggrieved by any valuation list on the ground of unfairness or incorrectness in the valuation of any hereditaments included therein, or on the ground of the omission of any rateable hereditament from such list, may at any time after the deposit as aforesaid of such list, and before the expiration of 28 days after the notice of the deposit as aforesaid, give to the committee and to the overseers a notice in writing of his objection, specifying the grounds thereof, and, where the ground of any objection shall be unfairness or incorrectness in the valuation of any hereditament in respect of which any person, other than the person objecting, is liable to be rated, or the omission of such hereditament, also give notice in writing of such objection, and the ground thereof, to such other person."

In *Norwich v. Pointer* (1922, 2 K.B. 471) it was held that when a person appeals against the assessment of his premises he may produce evidence of the valuation of other property in the same union and without giving notice to the person rated in respect thereof under Sect. 18 of the Act of 1862, provided that the tribunal is satisfied that the hereditaments are similar in character, and that the evidence is produced solely for the purpose of showing that the property of the appellant is over-assessed when compared with the rating of other premises.

There are two kinds of objections to the valuation list : (a) those made before the list has been finally approved ; and (b) those made after final approval.

NOTICES.

These should be properly served, i.e. on the overseers as well as the assessments committee, and all the grounds of objection stated, since no grounds other than those stated in the objections raised to the assessment committee will be triable on appeal to quarter sessions. Further, the giving of a notice of objection of either kind, and failure to obtain relief on same, are conditions precedent to an appeal to special or quarter sessions against a rate made in conformity with the valuation list. By Sect. 1 of the Union Assessment Committee Act, 1864, the limitation of 28 days above mentioned for serving notice of objection, etc., is removed. The committee must hear an objection at any time after due notice is given.

AMENDMENT OF LIST.

The committee can amend the list, even though it has been approved. Notice of such amendment must, however, be given to the overseers who must amend the rate current in accordance with the decision as to the objection when the notice of objection was given. Re-deposit of the list is not necessary. No statutory provision exists under which overseers are directed to refund any amount found to have been overpaid, but the propriety of making such refund is recognized.

REMEDIES OF RATEPAYERS.

By Sect. 19 of the Act of 1862, the assessment committee are to hold such meetings as are necessary for hearing objections. They must give 28 days' notice to the overseers, who shall, on receipt of such notice, on the following Sunday publish the same as a rate is required to be published (*ante*). The committee hear all objections in respect of which proper notice has been given, and they may hear also other objections, if the parties who should have

received notice, do not object. At the hearing the committee have the right to act in a judicial capacity, though they cannot administer an oath. If the parties appear personally, they must be heard. An objector, however, can be represented by counsel, solicitors, or their agents. (*R. v. St. Mary Abbots*, 1891, 1 Q.B. 378.)

It has been held that a person is not bound to produce evidence before the assessment committee in support of his objection. (*R. v. Essex JJ.*, 1882, 46 J.P. 424.) It is difficult to see how a committee can decide an objection in the absence of evidence, but the production of the evidence may be costly to the objector, at what is, in many cases, only a preliminary stage. If the matter goes to appeal, evidence must be produced. In *Hudson v. Rhodes* (1909, 1 K.B. 85) it was held that, where a notice of objection has been served by a ratepayer that his assessment is too high, the committee cannot increase the assessment.

GROUND'S OF OBJECTION.

Under Sect. 18 of the Union Assessment Committee Act, 1862, any overseer or overseers of any parish in the union, or any person aggrieved by the unfairness of his own or another ratepayer's assessment, may give the assessment committee written notice of objection to the valuation list. The grounds stated in the section are—

- (a) unfairness or incorrectness in the valuation of any hereditaments included therein ;
- (b) the omission of any rateable hereditament from such list.

The notice must specify all grounds of objection that have arisen when the notice is given, and where the grounds of objection as above are those in respect of which any person, other than the person objecting, is liable to be rated, notice must also be given in writing of such objection and of the ground thereof, to such other person. See *Norwich v. Pointer* (*ante*), p. 137.

AS TO NOTICE.

In *Halifax Equitable, &c., Society v. Bradford* (1922, 127, L.T. 594), a written objection was made to the committee as follows: "I enclose rate demand note against which we wish to lodge an appeal. In 1917 the rateable value of our premises was £102, in 1920 £136, and this year £255, showing an increase in two years of 150 per cent. No alterations have been made to the premises, and the assessment is out of all proportion to the accommodation we have. I shall be glad, therefore, to hear from you with regard to the matter." The committee did not reduce the assessment and the society appealed. Quarter sessions dismissed the case on the ground that no notice of objection had been given as to the gross value. It was held in the Divisional Court, that the notice of objection was sufficient to support an appeal against both gross and net rateable values.

In *Norwich v. Pointer* (1922, 2 K.B. 471) it was held, that a person appealing against the assessment of his premises, may produce evidence of the valuation of other property in the same union; and, without giving notice to the person rated in respect thereof, under Sect. 18, provided that the tribunal is satisfied that the hereditaments are similar in character, and that the evidence is produced solely for the purpose of showing that the property of the appellant is over-assessed as tested by the rating of other premises.

APPEALS.

A definite decision must be obtained from the assessment committee, by the objector, before an appeal can be founded on his objection. Adjournment of the meeting, or delay of the decision by the committee, is not sufficient. This decision is necessary even though the committee may not be competent to deal with the question raised, e.g. a

question of occupation or exemption. The committee has no jurisdiction except on questions of value. (*Williams v. Bedminster*, 1874, 30 L.T. 710.)

By Sect. 1 of the Union Assessment Committee Amendment Act, 1864, 21 days' notice is to be served on the committee, and by Sect. 1 of the Quarter Sessions Act, 1849, 14 days on the overseers, and 14 days on third parties; these two last being seven days only, where the appeal is to special sessions.

Under the Poor Rate Act, 1801, S. 6, third parties are—

(a) Any person whose under-assessment or omission from the rate is complained of.

(b) The parish council, in a rural parish if there is one, and where none, then the overseers, or if so ordered the parish meeting. Where an urban parish, then the urban authority if it has by order been given this right of the overseers, or if there is no such order, then the churchwardens and overseers.

Persons entitled to appear as respondents are in the first instance, the overseers or the parish council. They defend the appeal in the first instance. Under Sect. 2 of the Union Assessment Committee Amendment Act, 1864, the assessment committee may, with leave from the guardians, and after each one of them has had notice, appear as respondents with the overseers. If it does so appear, any costs it may be ordered to pay are recovered from the guardians, unless the committee appeared without the consent of the guardians. (*West Ham v. Essex JJ.*, 1896, A.C. 443.) Third parties interested may also appear. See *Hunter v. Swindon*, Appendix III.

APPEALS TO SPECIAL SESSIONS.

An appellant who fails to obtain the relief he seeks from the assessment committee may appeal under Sect. 6 of the Parochial Assessments Act, 1836, on the ground of inequality, unfairness, or incorrectness in the valuation of

any hereditament included in the rate, to special sessions. Such sessions are held four times a year, by the justices of every petty sessional division. Twenty-eight days' notice is given of the sessions, and the appeal must be brought to the "next practicable" special sessions, that is, to the next sessions held after the making of the rate, to which the appellant has had time to give the required notice of 21 days under Sect. 6 of the Parochial Assessments Act, 1836.

The justices may only inquire into the question of the value of the hereditaments, and subject to this limitation, can amend or quash the rate, and award costs of any appeal entered.

A justice may be disqualified if he himself is an appellant in a similar appeal before the same Court, but not so if he is a member of an adjoining assessment committee or a ratepayer in the parish.

Within 14 days after the decision of special sessions, either party may appeal against it to quarter sessions on giving notice to the opposite party, or parties, in writing, stating the grounds of appeal, and entering into recognizances within 5 days after giving notice.

An appeal to special sessions is less costly than one to quarter sessions direct, but there is always the risk that there may be a new trial of the case at quarter sessions.

APPEAL TO QUARTER SESSIONS DIRECT.

Whereas under Sect. 6 of the Parochial Assessments Act, 1836, an appeal to special sessions may only be made on the ground of inequality, unfairness, or incorrectness in the valuation of any hereditament included in it, under Sect. 5 of the Poor Relief Act, 1601, and Sect. 4 of the Poor Relief Act, 1743, a person aggrieved may appeal direct to quarter sessions on any ground; provided he has fulfilled the condition precedent, viz., to have objected before and obtained the decision of the assessment committee, and

too (where in some cases the committee cannot give relief) has given notices requisite to found an appeal.

The appeal lies to the "next practicable" sessions, not the next sessions, and it is to the county quarter sessions unless the union is in a quarter sessions borough.

A notice of objection upon which to found an appeal may be given before the rate is made, if the appeal is against the rate made next after the notice of objection was given. It may be given, too, at any time during the currency of the rate appealed against; also too, after payment of the first instalment of the rate, without protest, where such rate is payable by two instalments. (*Imperial, &c., Hotels Co. v. Christchurch*, 1905, 2 K.B. 239.)

A reduction made by quarter sessions must apply to the whole rate, and not merely to the unpaid instalment of the rate. In *Hastings v. Queen's Hotel Co.* (1907, 71 J.P. 369) it was held that the company were entitled to a deduction from the third instalment of the rate, on account of the amounts over-paid on the first two instalments.

The notice of objection must clearly state the grounds of appeal, so that the respondent may know what he has to answer to.

Quarter sessions are not uniform as to procedure on appeals, and their practice should be ascertained. The assessment committee is entitled to appear as respondents with the consent of the guardians.

The Court has power to amend the rate by amendment of entry to the hereditament affected, or to insert a hereditament the omission of which has been the cause of complaint, or again, they can quash the rate entirely.

REMEDIES OF OVERSEERS.

Before final approval, the overseers of a parish or somebody representing them, may, under Sects. 18 and 21 of the Union Assessment Committee Act, 1862, object to the valuation list of any parish in the union; but the right of

objection "at any time" already referred to under Sect. 1 of the Union Assessment Committee Act, 1864, does not extend to overseers as such. They also have a right of appeal to quarter sessions under Sect. 32 of the Act of 1862, upon questions of value against a new or supplemental list made for their own or any other parish in the union. Such appeal is brought to the first quarter sessions held more than a month after the final approval, and deposit of the list, and 14 days' notice of appeal is necessary. An appeal against the list must be distinguished from one against the rate. Its object is to afford the overseers an opportunity of appealing if they consider the parishes comprised in the union have not been treated equally. This right of appeal is, however, rarely used.

COLLECTION AND RECOVERY OF RATES.

The whole of the rate is payable on demand as soon as allowed and published, unless it is payable by instalments, when such instalment becomes due on the date named in the rate book. It is payable whether demanded or not. It is collected by the assistant overseer, who is the servant of the parish, under the superintendence of the overseers. If there is no assistant overseer, then it is collected by the overseers themselves.

Before proceedings can be taken for recovery of the rate, a demand in writing on a prescribed form for such rate (except in very small parishes) must have been made, and there must have been a neglect or refusal to pay. If part of the rate only is tendered, it is usual to accept such part payment; but a demand must be made for the outstanding portion, before any proceedings for recovery are taken. In *R. v. Gillespie* (1904, 1 K.B. 174), where part payment was made in Court, it was held the justices had the discretion of accepting it and of issuing a warrant for the remainder or for the whole amount. In *Mansel v. Itchen* (1906, 1 K.B. 221) it was held a distress warrant

may issue for the proper proportion of the rate, although the full amount was demanded.

Under Sect. 2 of the Poor Rate Act, 1801, the giving of notice of appeal does not prevent recovery of the rate; but no greater sum may be recovered than that at which the premises were assessed in the last effective rate, until the appeal has been heard and determined.

If the assessment in the list includes property which is not in the defendant's occupation, it is void, and the Court cannot apportion the rate.

ACCOUNTS.

The rate book in which all accounts of collection are kept is balanced half-yearly. All closed rate books are kept by the overseers. Except in very small parishes a receipt dated and stamped, in a prescribed form, from a rate receipt check book, must be given to the person paying the rate, or an instalment of it.

Under Sect. 16 of the Poor Rate Assessment, etc., Act, 1869, and Sect. 3 of the Poor Rate Assessment, etc., Amendment Act, 1882, a person who goes into or out of occupation during the period of the rate is only liable to a proportion of the whole rate as the length of his occupation within the period of the rate bears to that period.

Under Sect. 38 of the Poor Law Amendment Act, 1868, a proportion of the rate only is payable where a new house or building is occupied for the first time during the currency of a rate.

Under Sect. 11 of the Poor Relief Act, 1814, upon proof of inability, and upon application made with the consent of the overseers, two justices having jurisdiction in the parish may excuse any person from paying the rate and strike such person's name from the rate. Poverty, however is not a defence to a claim for a poor rate.

An owner who is liable to pay the rate and omits or neglects to pay by the 5th June any rate or instalment due

before the preceding 5th January is liable to pay the rate in full, and forfeits any commission or allowance to which he was entitled. The rate is recoverable from an owner in the same way as from an occupier.

DISTRESS.

The right of distress is purely statutory. Where on a summons for non-payment of rates there is no proper defence, and the justices are satisfied of the validity of the rate, a distress warrant is issued for the amount of the rate and costs, and for reasonable charges for taking, keeping, and selling the distress. In *R. v. Handsley* (1881, 8 Q.B.D. 383) it was held that the justices have no power to give time for payment, but if the amount of the rates and costs is tendered it must be accepted.

A distress for rates is different from a distress for rent. The defaulting ratepayer's goods only can be taken. Under Sect. 14 of the Bills of Sale Amendment Act, 1882, a bill of sale is no protection against distress for rates. In *Reed v. Bardsley* (1905, 69 J.P. 568) it was held that a deed of gift executed to defeat a distress could not do so.

If a warrant of distress is backed by a justice of the part of the county to which the debtor has removed, his goods may be distrained upon there.

Goods distrained for poor rates cannot be distrained for rent, nor can goods seized under a judgment summons be taken in distress for rates. Goods taken may, if the distress be not satisfied, be sold 5 days after distraint.

A ratepayer may bring an action for replevin, and regain his goods, if he attends before the county court registrar with sureties, and enters into a bond to bring an action in the county court at the earliest opportunity. This will test the validity of the distress.

Where sufficient to distrain upon cannot be found to meet the rate, the distress warrant is marked "no effects," and the person rated may be committed to prison for a

term not exceeding three months, or until the rate and expenses are paid. Nor is it necessary to prove that the person rated has means, as with other cases of committal for debt. After completing the term of imprisonment, no further punishment can be given and the rate is not recoverable.

Rates and taxes due from a company at the date of a compulsory winding-up order, and where there is no previous voluntary winding up, count amongst preferential debts that have priority over other debts; so, too, in a voluntary winding up, rates and taxes count as priorities. They are preferred debts and must be paid *pari passu* in full priority in cases of bankruptcy and in the administration of the estates of deceased insolvents.

CHAPTER XI

• RATES, OTHER THAN POOR RATES, LEVIABLE OUTSIDE METROPOLIS

THE COUNTY RATE.

PRIOR to 1888, most county business was performed by the justices. The Local Government Act, 1888, transferred most of the administrative duties of the justices to the county councils and county boroughs set up under that Act. The justices still license premises for the sale of intoxicating liquor, as also private lunatic asylums and inebriate homes ; their expenses being met by fees received or paid by the county council concerned.

The county council raises money for general and special county purposes, by levying a general or special county rate. The demand for county rates is made by precepts on the guardians of each poor law union in the county ; and the amounts named in each case are to be paid to the treasurer of the county. The guardians, in their turn, include the county rate in the precepts issued upon the overseers. The sums payable to the guardians are collected by the overseers of each parish, as part of the poor rate.

The county rate basis. The power to make the county rate is with the county council. Under Sects. 6 and 21 of the County Rates Act, 1852, the county council are empowered to appoint a committee, called the " county rate basis committee," whose duty it is to make a fair basis or list of total rateable values of property in each parish of the county. The rate can be made at any time that it is required to raise money for general or special purposes. The committee may, from time to time, revise an existing basis, so as to meet changes in the value of assessable property.

In each case the procedure is very much the same. Overseers, rate collectors, and others are required to make returns of the rateable value of properties in their parish, to produce books and documents, and to submit themselves to the committee for examination on oath if needs be. Private documents, accounts, etc., may also be called for, and private persons also examined on oath.

For preparing the basis, the "full and fair annual value" is taken to mean the net annual value of any property as the same is or may be required by law to be estimated for the purpose of assessing the rates for the relief of the poor. The basis must show a sum, in respect of each parish in the county, which represents the total value of all the property, including empty hereditaments. Such sum is distributed among the occupiers in each parish, on the same principles as for the poor rate valuation. Under the Agricultural Rates Act, 1896, Sect. 5, the total value of the agricultural land must be kept separate from the total value of the buildings and other hereditaments. It would appear that a new basis may be prepared at any time, and the committee may appoint persons to make a valuation of the whole or part of a parish, or place within the county, and the persons appointed may enter and survey the property, etc., at all reasonable times.

When the new basis is prepared, or there is an alteration of the total value of the property in any parish, the committee sends copies of same to each justice, and to the overseers. The overseers submit them to the vestry, or successors of the vestry, and it is open to the inspection of every ratepayer. Before an allowance and confirmation of the basis, notice has to be published in one or more local papers, that the basis is to be taken into consideration. When any alteration is made, notice must be sent to the parish affected 14 days before confirmation. On allowance and confirmation, the basis becomes valid. A copy of it must be sent to the overseers of every parish

in the county, showing the amount upon which each parish is assessed. So, too, in confirmation of any alteration in an existing basis.

The overseers, or others who have the power vested in them of appealing, or any ratepayer who thinks that the parish is aggrieved by the basis as settled and fixed by the committee, may appeal to quarter sessions, and 21 days' notice in writing previous to the first day of quarter sessions must be given. Grounds of appeal are that (1) a parish is wrongly omitted from the basis; or (2) the aggrieved parish is over assessed; or (3) a parish is under assessed. The notice, which should clearly show what is the ground of appeal, should be sent to, in (1) and (3), the overseers of the parish, and in (2), the clerk of the peace or where the clerk to the county council is another person, then to that other person.

The provisions for making the basis do not apply to London, for there the totals of the valuation lists, under the Valuation (Metropolis) Act, 1869, are conclusive.

It is impossible to arrive at a fair standard for the basis for the county rate from the totals of the poor rate valuation lists, since the methods of assessment committees vary so much throughout the country.

County rate committees take the returns of the Inland Revenue officers and divide them into classes, as, e.g. houses, etc., over and under £10; houses with land; agricultural land only. Deductions are then made from each class, e.g. properties in the returns not assessable to the poor rate, and additions are made for rateable value of railways, other properties, etc., not included in the Schedule A returns.

COUNTY POLICE RATE.

Under Sects. 1 and 2 of the County Rates Act, 1844, a rate is collected by precepts, and is levied on the ratepayers as part of the poor rate, for maintaining a county police

force. Where there are two chief constables for a county, or the county is divided into separate districts with its own police force, a separate police rate is leviable for each. In the case of the districts, the general expenditure is defrayed in common by each separate police district.

The amount of the rate is made up from each parish, at so much in the £ on the total value of the parish, as given in the county rate basis; less one-half of the rateable value given for agricultural land in the parish.

No county police rate is leviable in any part of a county forming part of the Metropolitan Police District, or in a municipal borough maintaining its own police, or in any part of a county contributing to the expenses of the police in any other county.

Police stations, assize courts, etc., in the occupation of the justices are exempt from rating. (*Coomber v. Berkshire JJ.*, 1883, 9 App. Cas. 61.)

HUNDRED RATE.

Certain bridges are repairable by the county, and certain others by the hundreds in which they are situate. In the latter case, the expenses attached to the repairs, etc., are raised by what is called a hundred rate. The county council, too, may declare that each hundred shall bear half the expense of repairing and maintaining the main roads, within the hundred. The expense of so doing is also raised by a hundred rate.

"Hundred" is a division of a county in England originally supposed to contain a hundred families, or to have found the king a hundred able men for his wars.

BOROUGH RATE.

A borough council may make a separate valuation for the borough rate, though the poor rate basis is generally taken. The general expenses of the council are met out of this rate; which is usually levied by precept on the

overseers, and is collected as a separate rate, or as part of the poor rate. An independent valuation may be made by a valuer, if he is empowered by the borough council to make such valuation, under the Municipal Corporation Act, 1882, Sect. 144. A fortnight's notice under seal of the corporation must be given to the occupier.

The borough council may order a borough rate to be made, as often as the state of the borough funds require. The rate may also be made retrospectively in respect of charges and expenses incurred within six months before it is made, but beyond six months, would probably be a ground for appeal. (*Smith v. Southampton*, 1902, 2 K.B. 244.)

Overseers aggrieved by omission of another parish or unequal assessment, or any just cause, may appeal to the borough quarter sessions against such part of the rate affecting their parish, and the appeal is to the next practicable sessions. Fourteen days' notice must be given through the town clerk, specifying grounds of appeal, and the Court may correct inequalities or omissions, and may order costs to be paid as it thinks fit by the parish or persons concerned.

Overseers are liable for the contribution from their parish, when the rate is levied on an order from the borough council, and in default the amount may be levied by distress on their goods, even though they, in certain cases, as where they have received the order previous to going out of office, are now, however, out of office.

WATCH RATE.

Most large boroughs have a separate police force, and for the expenses of such force levy a watch rate. Such rate, if leviable as at 31st December, 1882 (the date when the Municipal Corporations Act, 1882, commenced), may be levied by the borough council, on occupiers of all hereditaments in such parts of the borough as are watched

day and night. The rate is made on an estimate of the annual value of the hereditament, but must not exceed 8d. in the £ on the net annual value of the hereditament in any one year. It is made and collected in the same way as the borough rate. (Municipal Corporations Act, 1882, Sect. 197.)

CONSOLIDATED RATE.

A great many of the borough councils have the power by special Acts to levy what is called a "consolidated rate," in which is incorporated the general district rate of the borough council acting as a sanitary authority, together with all other rates leviable in the borough.

GENERAL DISTRICT RATE.

Making the rate. When an urban authority, i.e. the council of a borough or urban district, for the purpose of meeting expenses incurred in carrying out its duties under the Public Health Act, 1875, or other expenses directed to be defrayed in like manner, requires its district fund to be replenished, it may, under Sects. 209, 210 of the Act, at any time, levy a general district rate. A district may be divided into parts, and a separate rate made on each part; though one rate is usually levied by the authority throughout the district. The authority must notify, publicly, its intention of making the rate 7 days previously. The estimate for the rate, which should show the sums required for each of the purposes for which the rate is made, the rateable value of the assessable property, and the rate in the £, is placed upon deposit in the authorities' office for inspection, and after the authority has approved same.

Under Sect. 210 of the Act of 1875, the rate may be made, prospectively and retrospectively, for the payment of expenses incurred at any time within six months before the making of the rate; and too, in certain cases, for expenses incurred more than six months before the rate

is made, e.g. where expenses have not been ascertained until judgment had been obtained in an action ; but there must have been no delay in bringing that action. (*Woolstanton v. Tunstall*, 1910, 2 Ch. 347 ; *Burland v. Kingston-upon-Hull*, 1862, 3 B. & S. 271.)

Under the Public Health Act, 1875, Sect. 227, " any limit imposed on or in respect of any rate by any local Act of Parliament shall not apply to any rate required to be levied for the purpose of defraying any expenses incurred by an urban authority in the execution of this Act."

The rate book is made out in a similar manner to that for the poor rate, in writing, and under the common seal of the authority. It has not to be " allowed " by the justices, but must be published in the same way as the poor rate. Lack of publication does not appear to make it invalid. (*Le Feuvre v. Miller*, 1857, 8 E. & B. 321.)

When the name of the person liable to be rated is not known, he may be described as " owner " or " occupier " of the assessed premises.

Under Sect. 219 of the Act of 1875, any person interested in or assessed to the rate, is entitled to inspect and take copies or extracts free of charge.

Under Sect. 223 of the Act, the production of the rate book is *prima facie* evidence of the making of the rate, and its validity.

When necessary, the authority may amend the rate, by insertion of the name of any one claiming and entitled to have his or her name therein, or by inserting the name of anyone who ought to have been assessed, or striking out the name of anyone who ought not to have been assessed, or by raising or reducing the assessment of any person who has been under-rated or over-rated. (Sect. 221.)

Under Sect. 211 of the Act, the rate is assessed on the full net annual value, ascertained by the valuation list for the time being in force, or if there is no such list, then by the last poor rate.

Where the poor rate is reduced as the result of an objection, or an appeal, the reduction made thereto will reduce the general district rate also. (*Sheffield Waterworks Co. v. Sheffield*, 1885, 50 J.P. 6.)

Sect. 211 of the Act also provides, that "the owner of any reſtcharge, or of any tithe commutation rentcharge, or the occupier of any land used as arable, meadow, or pasture ground only, or as woodlands, market gardens, or nursery grounds, and the occupier of any land covered with water, or used only as a canal or towing path for the same, or as a railway constructed under the powers of any Act of Parliament for public conveyance, shall be assessed in respect of the same in the proportion of one-fourth part only of such net annual value thereof." Sect. 230 provides for a similar exemption of three-fourths of the assessment in respect of these properties for special expense rates in rural parishes, and under the Public Health (Rating of Orchards) Act, 1890, and the Allotments Rating Exemption Act, 1891, the provision of the above Sects. 211 and 230 are made applicable.

In *London and India Docks v. Woolwich* (1902, 1 K.B. 750) it was held that the exemption of land, canals, railways, etc., from three-fourths the rate was applicable, and that the borough council must apportion the general rate, to show what part of it corresponds to the old general district rate. The general district rates were levied in Woolwich under the Public Health Act, 1875, prior to the passing of the London Government Act, 1899.

In *R. v. Newport Dock Co.* (1862, 31 L.J. M.C. 266) it was held the term "land covered with water" includes a dock but not the land about it; in *Hampton v. Southwark, &c., Water Co.* (1900, A.G. 3) that the term includes reservoirs and filter beds; in *R. v. Birmingham Waterworks Co* (1861, 4 L.T. 242) that mains and pipes of a company are not entitled to the abatement.

Partial exemption extends to the line, turntables, and

sidings, so much of the platforms, etc., as constitutes the side of the railway, and land used for supporting the way, as embankments, etc. The partial exemption does not extend to stations, offices, warehouses, and the like. (*South Wales Rail. Co. v. Swansea*, 1855, 24 L.J. M.C. 30.) In *N.E. Rail. Co. v. Scarborough* (1868, 33 J.P. 244) it was held that land and platforms necessary for use of railways are exempt. (Compare *L. & N.W. Rail. Co. v. Llandudno*, 1897, 1 Q.B. 287.)

The sections of the Act above quoted do not refer to tramways. (*Swansea Improvements, &c., Co. v. Swansea*, 1892, 1 Q.B. 357; *Tottenham v. Met. Electric Tramways, Ltd.*, 1913, A.C. 702.) If, however, the tramway is built as a railway, it would appear to come within the exemption of Sect. 211 of the Act. In *Wakefield, &c., Light Railways v. Wakefield* (1907, 2 K.B. 256) the railway was constructed under orders made under the Light Railways Act, 1896 (which Act provides that the general enactments relating to railways are to apply to light railways), and ran entirely along public highways worked by electricity from wires overhead, and was used for passengers and parcels traffic. The Court held that Sect. 211 was included in the term "general enactments relating to railways," and that the abatement applied. In *Thornton v. Blackpool, &c., Tramway Co.* (1909, A.C. 264) the line was constructed across land acquired for the purpose, and was connected at both ends with lines through the streets of a town, and the whole was worked by electricity as a continuous route. The special Act incorporating the railway contained provisions of the Railway Acts, and the railway was subject to the Railway Commissioners, and passenger duty was paid. The House of Lords held that the undertaking was a railway for the purposes of Sect. 211 of the Act, and entitled to exemption of three-fourths.

The rate is made directly upon the person who is liable to pay it. Sect. 211 of the Act also provides that the

owner instead of the occupier may, at the option of the urban authority, be rated in cases (a) where the rateable value of any premises liable to assessment under the Act does not exceed the sum of £10 ; or, (b), where any premises so liable are let to weekly or monthly tenants ; or, (c) where any premises so liable are let in separate apartments ; or, (d) where the rents become payable or are collected at any shorter period than quarterly, provided that where the owner is rated instead of the occupier, he shall be assessed on such reduced estimate as the urban authority deem reasonable, of the net annual value, not being less than two-thirds nor more than four-fifths of the net annual value ; and where such reduced estimate is in respect of tenements, whether occupied or unoccupied, then such assessment may be made on one-half of the amount at which such tenements would be liable to be rated if the same were occupied and the rate was levied on the occupier. In *R. v. Probert* (1911, 1 K.B. 83) it was held that this provision does not apply where the owner is also occupier.

Under Sect. 211 (2) of the Act, all premises unoccupied must be included in the rate, but the rate is not to be charged while the premises are unoccupied. Where the premises are occupied after the rate is made, the incoming tenant is inserted in the rate and is liable for a part of the rate, apportioned in respect of occupation for the part period of the rate.

Sect. 224 of the Act provides that " where it appears to an urban authority that any premises were sufficiently drained before the construction of any new sewer laid down by them, they may deduct from the amount of rates otherwise chargeable in respect of such premises such a sum for such time as they may under all the circumstances of the case deem just."

Sect. 225 empowers the authority to reduce or remit the

payment of the rate on account of poverty of the person liable to pay.

Collection and recovery. Under Sect. 222 of the Act, an urban authority may collect the rate with any other rate by a demand in writing for the sum due, and by a collector appointed by the authority. There is no limited time for the demand. When the person assessed is described in the rate as the "owner" or "occupier," that description may appear on the demand note, and in that case it may be served by delivery to a person on the premises or where there is no person there, by being affixed on the premises assessed. The demand note is usually served by delivery to the person where he resides, but it may be sent by prepaid post, and proof of prepaid posting is proof of service. (Sect. 267.)

Under Sect. 256 of the Act, a justice may summon the person assessed to appear before a court of summary jurisdiction and show cause why the rate should not be paid, where any person assessed to any rate made under the Act fails to pay the same when due, and for the space of 14 days after the same has been lawfully demanded in writing. Similarly, a summons may issue at any time after the demand on a person who quits, or is about to quit, premises without payment of the rate due from him, and who refuses to pay. The summons must be issued in both cases within six months of the demand, but if the amount has been reduced on appeal against the poor rate, the six months runs from when the reduced demand is made.

In *R. v. Glover ; ex parte Hornsey* (1900, 35 L.J. Notes of Cas. 269), it was held that a poor rate and general district rate could be included in one summons.

* Where the defaulter fails to appear, or where no sufficient cause for non-payment is shown, the Court may make an order for payment of the arrears. (Sect. 256.)

Proceedings for recovery generally are similar as those

for the poor rate, except that, before a distress warrant is issued, the justices issue an "order" calling on the ratepayer to pay forthwith. With the general district rate, it is necessary to prove that the defendant has means before a committal order will be made. See Sect. 225, p. 157.

Appeals. Under Sect. 269 (1) of the Act, a person aggrieved may appeal against the rate to the next court of quarter sessions holden not less than 21 days after the demand of the rate. An appeal against the general district rate only, and one not affecting the poor rate valuation, may be raised, e.g. on the ground that the three-fourths exemption (*ante*) has not been allowed, or that the rate is bad on account of being made retrospectively for more than six months.

Fourteen days' clear notice after demand of the rate must be given to the authority. The notice must state the grounds of appeal, and may be served on the clerk of the authority or served by post. Proof of prepaid posting is proof of service.

The Court may amend or quash the rate and award costs, and costs awarded may be recovered in the same manner as in an appeal against the poor rate.

A special case may be stated by the court of summary jurisdiction when it makes or refuses to make an order for payment. (*Hampton v. Southwark, &c., Water Co. (ante).*)

Expenses of rural district council. The expenses of a rural district council are met by a general expenses rate levied over the whole district. Precepts are sent to the overseers of each parish, and the amount required is collected as part of the poor rate. The expenses of special services, such as drainage works, water supply, etc., are borne by the parish benefiting thereby, and a special expense rate is levied on the parish or parishes for such expense.

Expenses of parish meetings and parish councils. These are met out of the poor rate by precepts on the overseers,

the rate being limited to 6d. in the £, including any sums required to administer the Adoptive Acts. If it exceeds 3d. in the £, the consent of the parish meeting is required. (Local Government Act, 1894, Sect. 11.)

SPECIAL EXPENSES RATE.

Under the Public Health Act, 1875, Sect. 230, it is provided that the special expenses rate of rural councils shall be raised "by an addition to the poor rate or by a separate rate to be assessed, made, allowed, published, collected, and levied in the same manner as a poor rate." There is, however, a three-fourths exemption in respect of this rate to property of the same classes enjoying a like exemption in respect of a general district rate.

No "allowance" by justices is required. There is the same provision for appeals as with the poor rate.

HIGHWAYS RATE.

An urban district council may levy a highways rate on the whole or part of the district, in order to pay for the cost of repair of the highways. It is made upon the rateable value in the valuation list for the time in force, and upon the occupiers of all property liable to be rated to the poor rate. Where an order under the Poor Rate Assessment, etc., Act, 1869, Sect. 4, is in force for the rating of owners to the poor rate, then the owners and not the occupier are assessed to the highway rate. Under the Public Health Act, 1875, Sect. 222, it may be collected separately or with any other rate as the urban district council may deem fit, and proceedings for recovery and in regard to appeals are as those applicable to the general district rate.

PRIVATE IMPROVEMENT RATE.

Under the Public Health Act, 1875, Sect. 213, there may be made and levied on particular properties a private

improvement rate, to meet the expenses an urban district council decide to be private improvement expenses. Such rate must be made so as to pay off the rate, together with interest at a rate not exceeding 5 per cent, in such period not exceeding 30 years as determined by the district council. The proceedings as to making the rate, collection, recovery, and appeal are the same as those for the general district rate.

PARISH IMPROVEMENT RATE.

Under the Public Improvements Act, 1860, Sect. 4, a separate rate may be made for a parish if agreed to by a two-thirds majority of the parish meeting of a rural parish, or by a meeting of ratepayers in an urban parish, and when the Act has been adopted. Such rate is levied to meet the expenses of a public improvement made under the Act, but one-half of the cost must be raised privately or it cannot be levied. (Sect. 6.) It is limited to 6d. in the £. (Sect. 7.)

LIGHTING RATE.

A lighting rate is made by the overseers in compliance with an order of the authority executing the Lighting and Watching Act, 1833, where such Act has been adopted in a parish or part of a parish. The authority may be the parish council, or where there is no parish council, the parish meeting or lighting inspectors, and the sum agreed upon to be raised must not be exceeded in any one year. (Sect. 33.) It is made on the same persons as on whom the poor rate is made, and on the rateable value as shown in the last valuation for the poor rate.

In parishes where the Act has been adopted under Sect. 33, land is exempt from two-thirds of the rate levied under the Act. In *Thursby v. Briercliffe-with-Extwistle* (1895, A.C. 32) it was sought to obtain this exemption for coal mines, but they were held to be property "other than

land." "The rate is made, allowed, published, collected, recovered, and appealed against in the same way as the poor rate.

LIBRARIES RATE.

* The rate for libraries was originally limited to 1d. in the £, but the Libraries Act, 1919, removed that limitation, and the expenditure must be approved by the Ministry of Health. Museums may be maintained under the Libraries Act, and some authorities are empowered by a local Act to levy special rates in such cases.

SMALL DWELLINGS ACQUISITION.

For the purposes of the Small Dwellings Acquisition Act, 1899, an urban authority can levy a rate not to exceed 1d. in the £ upon the rateable value. (Sect. 9 (4).)

SEWERS RATE.

Bodies such as commissioners of sewers and land drainage commissioners are mostly formed under special Acts. The Land Drainage Act, 1861, provides, however, for the formation of new authorities by a provisional order of the Board of Agriculture. Rates are levied on all lands benefiting by works such as the draining of fens and marshes, the construction and maintenance of cuts, dykes, channels, etc., and the reclamation and protection of lands from rivers and the sea, etc., to meet the expenses of such works. Usually they are levied upon the basis of the rateable value, including buildings, and in some cases in proportion to the acreage benefiting by the works. If the cost of the works exceeds £1,000, it is levied by a special sewers rate on the owners, and in other cases on the occupiers, who, if not under covenant to pay the rate, can deduct the same from the rent payable. (Sect. 38.)

In order to make the rate, persons appointed by the commissioners may inspect and take copies of, or extracts

front, the poor rate. No particular method of collection is prescribed by statute.

Within four months after the making of the rate any person aggrieved by the rate may appeal against it to quarter sessions. The commissioners are entitled to 10 days' notice in writing, and the notice must state the grounds of appeal. Within four days after the serving of the notice the appellant must, before a justice, enter into recognizances with two sureties to prosecute and abide the order of the Court. The Court may confirm, annul, or modify the rate, or it may refer the appeal to arbitration. (Sects. 47 and 48 of the Act of 1861 (*ante*).) . . .

CHAPTER XII

THE BLUE FORM (SCHEDULE A)

SOME GENERAL PRINCIPLES.

THE term "The Blue Form"—the form issued to occupiers in connection with the new assessment of land under Schedule A—is popularly used to describe the new assessment now in course of progress (June, 1923) under the Income Tax Act, 1918, First Schedule, and the Finance Act, 1922.

The income tax under Schedule A (which is payable by the landlord), poor rate, country rate, the various urban rates, are all directed by statute to be levied on annual value, i.e. the true rent the property will command subject to a deduction for repairs. The inhabited house duty is directed to be levied on annual value but without any deduction for repairs. It is a tax on occupation and is borne by the tenant and not by the landlord. Apart from deduction for repairs, annual value for all these rates and taxes means the true rental value and not necessarily the rent that is, in fact, received. Schedule A and the inhabited house duty assessments are made by the Inland Revenue authorities; the county rate bases by committees of the county council; the poor rate valuation lists by overseers and assessment committees. To these latter the urban authorities must, in general, conform in making their rates.

It has been suggested that the new Schedule A valuation is based on reports made by the valuation department of the Inland Revenue—which department has no statutory powers to inspect properties for valuation, and that there is no evidence that they have ever attempted to make valuations by inspection. Inspectors of taxes it is alleged sitting in their offices have apparently, in many cases, used the method of adding a large percentage to the pre-war

value in attempting to arrive at an annual value in 1922-23

As a fair basis it has been suggested that the annual value for Schedule A shall in no case exceed 1914 value plus 10 per cent ; or again that the standard must be taken less the allowances for repairs, etc., plus 15 per cent.

Ordinarily there is a valuation every five years, but, owing to the war, there were no valuations in 1915 and 1920, and the tax now being levied is based on the values prevailing in 1910 plus a certain percentage—the latter being the figure around which there is much controversy.

The basis of taxation is the annual value to the occupier and not to the owner. " Save as in this Act provided in any particular case, tax under this Schedule shall be charged on and paid by the occupier for the time being." (General Rule VII I.)¹

The broad objective of the present re-assessment is to secure income tax in respect of income from property on the basis of income actually derived from property (Chancellor of Exchequer, 3rd May, 1923, House of Commons), and this re-assessment is estimated to bring in some £8,000,000 of additional revenue.

In the case of poor rate assessment, every ratepayer has the right to inspect the valuation list, and where there is a new list, he can see how his neighbours have been treated, and can, and usually does, make obvious comparisons in order to frame his objections, but with the " Blue Form " there is no right of inspection of the list in the possession of the inspector of taxes, therefore each taxpayer knows his own assessment only.

Under G.R. VIII of Schedule A, the tenant has the right of passing the whole or part of the tax, i.e. while the owner bears the incidence of the tax under Schedule A, the assessment should be made at such a figure which represents the annual value to the occupier who receives

¹ Hereinafter these rules will be called G.R. 1, etc.

the blue form and not the owner. Apparently all properties which are similar and similarly situated should be assessed at the same rate, even though they are let at varying rents.

Schedule A provides that the tax shall be on the annual value of all lands, tenements, etc.

Inspectors are bound by a rent, if fixed within the past seven years, if the rent is a rack rent, i.e. its true annual value.

There is an assumption that the value of all property has increased 40 per cent since increases under the Increase of Rent, etc., Act, 1920, Sect. 2 (25 per cent for repairs and 15 per cent for increased value), were allowed. This is fallacious, as in many cases, e.g. factories where the value approximates to pre-war standards. It is a moot point whether this 25 per cent allowed for repairs should be taken into account for income tax purposes at all. Further, owing to the cost of repairs having substantially increased, the assessment will, it is suggested, be proportionately increased.

Annual value may be described as the rent at 6th April, 1923, at which the hereditament might reasonably be expected to let from year to year, landlord doing the repairs and tenant paying rates.

The gross annual value for Schedule A is the annual value, except in regard to houses where the rents have been fixed within seven years and where those rents are rack rents. Annual value is practically the same as applied to assessments for poor rates and county rates.

Hereditaments let at rents fixed within the last seven years may be divided into—

1. Where the rent is rack rent, i.e. annual value.
2. Where the rent is not rack rent, being either above or below it.

Property, for the purpose of this Schedule, may be classified as under—

1. Occupied by owner, or not let at a rent fixed within the past seven years.

2. Let at a rent fixed within the past seven years where the rent is not a rack rent.

3. Let at a rent fixed within the past seven years, the rent being a rack rent.

The basis of 1 and 2 should be the annual value at 6th April, 1923, and in 3 should follow the rent.

Many grievances as to this tax will be remedied by subsequent statutory provision. The Chancellor of the Exchequer, speaking in the House of Commons on 14th May, 1923, stated, *inter alia*—

1. The statutory time limit for giving notice of appeal, which was 21 days, would be extended until 31st August, 1923.

2. In the case of owners who had not had notice, he proposed that they should be allowed to appeal at any time within a year after the end of the current year of assessment, and to claim a refund if such refund should be due to them, and he proposed to make this provision statutory. This period has since been extended to 5th April, 1925.

3. A statutory right of appeal would be given against an assessment for any future year during the term for which the present quinquennial assessment should continue in force.

4. In addition to the statutory right for legal assistance, a statutory right would be given to enable any agent to be heard on behalf of an owner.

5. To prevent any misapprehension, the Treasury would issue a statement¹ that the larger figure in the new assessment (which had been estimated by a newspaper to represent a tax of £25,000,000) was the gross amount, and that it was subject to the statutory deductions for repairs, bringing it down to the lower figure there given (i.e. based on past assessments), whereas the only figure which appeared in the previous assessment was the net assessment after the reductions for repairs had been made.

See Appendix IV.

Apparently the Government have no intention of determining the annual value of houses occupied by their owners by reference to the enhanced prices at which they may have been purchased; a fair estimate of the annual value would, it is suggested, be obtainable by reference to the actual rents paid for similar property in the vicinity, and the current poor rate valuations should be taken into consideration with the new assessment.

SCOPE AND BASIS OF SCHEDULE A.

The tax under Schedule A is charged in respect of the property in all lands, tenements, hereditaments, and heritages in the United Kingdom, for every 20s. of the annual value thereof.

G.R. I of Schedule A provides that the annual value shall be—

(1) the amount of the rent by the year at which they are let, if they are let at rack rent, and the amount of that rent has been fixed by agreement commencing within the period of seven years preceding the 5th day of April next before the time of making the assessment; or

(2) if they are not let at a rack rent so fixed, then the rack rent at which they are worth to be let by the year.

The tax assessed under G.R. I is commonly called the landlord's property tax, since it is borne by the landlord, although the property may be occupied by a tenant who pays the tax in the first instance.

~~The~~ classes of property affected by this Schedule are—

I. Lands and buildings. Income tax is not to be charged in respect of a sewer vested in a local authority, but the exemption does not extend to any rent payable by the local authority in respect of the sewer. (Finance Act, 1921, Sect. 34.)

II. Incorporeal hereditaments (e.g. tithes). Where tithes are taken in kind, the annual value is the amount for one year of the profits of the three preceding years. If, in

estimating the value, the interest of the person charged commenced within the period upon the basis of which the profits are computed, the profits of one year are estimated in proportion to the profits received within the time which has elapsed since the commencement of that interest.

III. Mines, quarries, railways, and other works. The annual value is in the case of (a) quarries, and (b) ironworks, railways, etc., the profits of the preceding year; (c) coal and other mines, the average amount for one year of the five preceding years; provided that where a mine has so decreased or is decreasing in annual value that an average of five years will not give a fair estimate, it may be computed on the actual amount of profits in the last preceding year. If a mine has wholly failed, the assessment may be discharged.

The tax is assessed and charged on the person or persons carrying on the concern, or having the direction and management, or receiving the profits thereof; and on the value of the produce of the concern, before any distribution to any person entitled to a share of or having a claim on the profits. A proportionate deduction of the tax is to be allowed out of the produce or value to every such person. If, in estimating the value, the interest of the person charged commenced within the period upon the basis of which the profits are computed, the profits of one year are estimated in proportion to the profits received within the time which has elapsed since the commencement of that interest.

The Finance Act, 1919, Sect. 18, provides that "in estimating the profits for any year of any of the concerns enumerated in Rules 1, 2, and 3 of G.R. III, of the rules applicable to Schedule A there shall be allowed to be deducted, as expenses incurred in any year, on account of any mills, factories, or similar premises owned by the person carrying on the concern, and occupied by him for the purposes of such concern, a deduction equal to

one-sixth of the annual value of those premises. The annual value for the purposes of this section shall be estimated according to the principles governing the estimation of the annual value for the purposes of Schedule A of mills, factories, and similar premises in the United Kingdom."

In a case relating to gasworks, it was held that the deduction allowed by Sect. 18 of the Act of 1919 was allowable in respect of only such portions of the gasworks as might fall within the description "mills, factories, or similar premises"; and that, if any part of the gasworks fell within that description, the deduction of one-sixth was to be calculated, not in terms of G.R. III upon profits, but in terms of G.R. I upon rental, actual or valued. (*Largo & Co., Gas Co. v. I.R.*, 1922, S.C. 616.)

Annual value. By the Finance Act, 1922, Sect. 16 (3), "the annual value of any property which has been adopted for the purpose either of income tax under Schedules A or B, or of inhabited house duty, for the year 1921-22, shall be taken as the annual value of that property for the year 1922-23 :

Provided that this sub-section—

* * * *

(b) shall not apply to lands, tenements, and hereditaments in the administrative County of London with respect to which the valuation list under the Valuation (Metropolis) Act, 1869, is by that Act made conclusive for the purposes of income tax and inhabited house duty."

In making an assessment under Schedule A, the commissioners are entitled to have regard to the poor rate assessment without allowing themselves to be controlled by it. The fact that a brewer's assessment to income tax (Schedule D) is too high cannot be taken into consideration in deciding whether an additional first assessment under Schedule A, on a tied public-house owned by him, has been properly made. (*Gundry v. Dunham*, 1915, 32 T. L.R. 142.)

"Annual value is but an hypothetical sum arrived at in a certain manner," per Buckley, L.J., in *R. v. Special Commissioners of Income Tax* (1911, 2 K.B., at p. 441). "An assessment upon 'annual value' may, for certain purposes, be treated, in applying the Income Tax Acts, as an equivalent for an assessment upon 'gains and profits'; but they are not simply synonymous or interchangeable expressions; and the allowance claimed by the respondents is by the language of the statute which grants the allowance, an allowance in respect of duties charged upon the 'gains and profits' of lands, etc., and not upon 'annual value,' which is not an actual but an hypothetical sum," per Kennedy, L.J. (*ibid.*, at p. 444).

The metropolis. The valuation list under the Valuation (Metropolis) Act, 1869, is conclusive for the purposes of income tax, and G. R. I (*ante*) does not apply to lands included in that valuation list. By Sect. 45 of the Act of 1869, the valuation list for the time being in force is conclusive, for the purpose of income tax.

"Nothing in these rules shall affect the valuation of lands, tenements, or hereditaments within the administrative county of London with respect to which the valuation list under the Valuation (Metropolis) Act, 1869, is by that Act made conclusive for the purposes of income tax, and any rule, which relates to the ascertainment of the value of such lands, tenements, or hereditaments shall not apply within the administrative county of London, except in the case of hereditaments which are not included in any such valuation list, or which are chargeable according to profits and not according to gross value, and except as respects the mode of charging the occupiers of land subject to a tithe rentcharge, in respect of such tithe rentcharge." (Act of 1918, First Schedule.)

Outside the metropolis, the valuation list is not conclusive for inhabited house duty and income tax. The assessors and inspectors of taxes fix their own values, but they

are generally based upon the valuation for the poor rate.

This chapter will therefore be confined mainly to the valuation and assessment of properties outside the metropolis.

The year of assessment runs from 6th April, and although there may be a new assessment every year, the Finance Act of the year usually provides that the assessment of the last year shall remain in force, e.g. Finance Act, 1922, Sect. 16 (3) (*ante*).

THE FINANCE ACT, 1922.

An assessment is now being made under the Finance Act, 1922, Sects. 32, 33, and Second Schedule.

Determination of annual values for purposes of income tax under Schedule A and inhabited house duty for 1923-24.

32. (1) The provisions of this section shall have effect for the purpose of enabling the annual values of properties for the purposes of assessments to income tax under G.R. I and II of Schedule A and to inhabited house duty for the year 1923-24 (in this Act referred to as "the said annual values") to be determined during the year 1922-23, and of enabling the said assessments for the year 1923-24 to be made as soon as may be after the commencement of that year, and for that purpose all things necessary to be done for determining the said annual values, and all things preliminary to the making of any such assessments may be done, as well at any time after the commencement of this Act, and before the 6th day of April, 1923, as at any time after the last mentioned date.

(2) For the purposes aforesaid, the provisions set out in the Second Schedule to this Act shall have effect.

(3) The assessments to income tax under G.R. I and II of Schedule A, and to inhabited house duty, for the year 1923-24 shall be made by the General Commissioners on the basis of the annual values determined under this section for the year 1922-23 :

Provided that any person, who proves to the satisfaction of the General Commissioners that the annual value for the year 1923-24 of any land, tenement, hereditament, or heritage, or of any inhabited dwelling house, in respect of which he has been assessed for the year 1923-24 is less than the annual value on which the assessment was based, shall be entitled to a reduction of the assessment to an amount based on the annual value for the year 1923-24, estimated in accordance with the rules applicable to assessments under G.R. I or II of Schedule A, or the enactments relating to inhabited house duty, as the case may be.

(4) This section shall not apply as respects Scotland, or Ireland, or as respects lands, tenements, or heritages in the administrative county of London with respect to which the valuation list under the Valuation (Metropolis) Act, 1869, is by that Act made conclusive for the purposes of income tax and inhabited house duty, or to the appointment of assessors within the said county.

Parishes for purposes of assessment, 1923-24. S. 33. The parishes for which assessments of income tax and inhabited house duty are to be made for the year 1923-24, and for which assessors and collectors are to be appointed for that year shall, in England (elsewhere than in the administrative county of London) be the parishes as existing for the purposes of poor law administration at the commencement of this Act.

Second Schedule.

(Section 32.)

Procedure in connection with the determination of annual values for the purposes of income tax under Schedule A and inhabited house duty for 1923-24—

(1) The General Commissioners shall, not later than 30 days after the commencement of this Act, appoint persons to be assessors of income tax chargeable under Schedules A and B, and of inhabited house duty for the year 1923-24, issue the necessary instructions to the

assessors so appointed, and appoint a day not later than the 30th day of November, 1922, for the assessors so appointed to appear before them and bring in certificates of their assessments of the said annual values.

(2) General and particular notices shall be issued requiring statements containing the particulars prescribed by the Income Tax Acts, and the provisions of the Income Tax Acts relating to notices to deliver, the delivery of, and penalties for neglecting to deliver statements and declarations shall apply.

(3) The statements so to be prepared and delivered shall contain particulars relative to the year 1922-23, and the said annual values shall be estimated and determined as for the year 1922-23.

(4) The provisions of Sects. 120 and 125 of the Income Tax Act, 1918, and of Sect. 52 (as amended by Sub-sect. (2) of Sect. 23 of the Finance Act, 1907), and Sect. 56 of the Taxes Management Act, 1880, shall, with the necessary modifications, apply with regard to the annual values to be estimated and determined in accordance with the foregoing provisions, and the General Commissioners shall cause notice of such assessments of annual values to be given.

(5) The provisions of Sub-sects. (1) and (2) of Sect. 134 of the Income Tax Act, 1918, and the provisions of the Income Tax Acts relating to appeals against assessments to income tax under Schedule A shall, with the necessary modifications, apply to notices to be given and to appeals in respect of annual values assessed under the foregoing provisions for the purposes of income tax under Schedule A ; and the relevant provisions of the Acts relating to inhabited house duty shall apply to notices to be given and to appeals in respect of annual values so assessed for the purposes of that duty.

The period covered by the assessment now in course of making will be from 6th April, 1923, to 5th April, 1924.

Rack rent, " is only a rent of the full value of the

tenement, or near it " (Blackstone). It may be regarded as the rent at which the hereditament might reasonably be expected to let from year to year, the landlord bearing the cost of repairs, and the tenant paying the ordinary rates and taxes.

Allowance for repairs.¹ This is governed by the Finance Act, 1922, Sect. 24, which provides that the assessment shall be reduced

(i) where the owner is occupier, or where the tenant is occupier and the landlord bears the cost of repairs, by a sum equal (a) where the assessment does not exceed £20, to one-fourth; (b) where the assessment is between £20 and £40, to one-fifth; (c) where the assessment exceeds £40, to one-sixth.

(ii) Where the tenant is occupier and bears the cost of repairs, by a sum not exceeding one-fourth, one-fifth, or one-sixth of the assessment necessary to reduce the assessment to the amount of rent payable.

Provided that the amount by which an assessment is reduced shall not, in the case of an assessment exceeding £20, but not exceeding £40, or of an assessment exceeding £40, be less than it would have been if the assessment had been £20 or £40, as the case may be.

Unless Parliament otherwise determines, this section ceases to have effect on 5th April, 1928.

G.R. V, Rule 8 in Schedule A, which grants relief in certain cases in respect of the cost of maintenance, repairs, etc., applies to any land (inclusive of farmhouses and other buildings, if any) or house, the assessment on which is reduced for the purpose of collection:

Provided that no repayment of tax shall be made under this rule in respect of the cost of maintenance, repairs, insurance, or management, if or to such extent as that cost has been otherwise allowed as a deduction in computing income for the purposes of income tax. (Sect. 25 of the Act of 1922.)

¹ For the new scale proposed for 1923, see Appendix IV.

To ascertain the tax payable the following factors must usually be taken into consideration: rent, rates paid by landlord, annual value, tithe, unredeemed land tax, and drainage rates.

EXAMPLE.

Annual value	.	.	.	.	£100
Tithe	.	.	.	£8	
Land tax	.	.	.	1	
Sewers rate	.	"	.	4	
				—	13
Gross	.	.	.	.	87
Repairs (one-sixth of £87)	.	.	.	.	14
Pay on net	.	.	.	.	£73

DEDUCTION BY TENANT.

A tenant occupier of any lands, tenements, etc., who pays the tax is entitled to deduct from the rent (all sums allowed by the commissioners being first deducted), the amount of the tax, the said deduction to be made out of the first payment of rent thereafter, and any person receiving the rent shall allow the deduction on receipt of the residue of the rent. A tenant or occupier is not entitled to deduct any greater sum than the tax charged in respect of such property and actually paid by him. (G.R. VIII, Rule 1.)

"Any person liable to pay any rent, interest, or annuity, or to make any other annual payment, shall be authorized to make any deduction on account of tax for any year of assessment which he has failed to make previously to the passing of the Act imposing the tax for that year, or to make up any deficiency in any such deduction which has been so made, on the occasion of the next payment of the rent, interest, or annuity, or making of the other annual payment after the passing of the Act so imposing the tax, in addition to any other deduction which he may be by law authorized to make, and shall also be entitled, if there

is no future payment from which the deduction may be made, to recover the sum which might have been deducted as if it were a debt due from the person as against whom the deduction could originally have been made if the Act imposing tax for the year had been in force." (Act of 1918, Sect. 211 (2).)

Where a tenant pays property tax and omits to exercise his right of deduction from the next payment of rent, he cannot deduct or claim it subsequently. (*Hill v. Kirshenstein*, 1920, 3 K.B. 556.)

Where a tenant under a lease, and at a rent payable half-yearly, agreed to pay all taxes except the landlord's property tax, which the landlord agreed to allow, and the tenant agreed to lay out £20 in repairs, which the landlord also agreed to allow, but afterwards distrained for half a year's rent, and sold to the whole amount, without allowing either for repairs or for property tax, which he knew the tenant had paid, it was held that the tenant might recover in respect of the property tax, but not in respect of the repairs. (*Graham v. Tate*, 1818, 1 M. & S. 609.)

A tenant has no right to deduct landlord's property tax from the rent before paying the tax. (*Barnes v. Kyffin*, 1915, 32 T.L.R. 381.)

The provision for deduction of the tax from the next payment of rent contained in Sect. 211 (?) of the Act of 1918, is not limited to the current financial year, but, if the tenant gets into arrear with his rent, the tax may be deducted from the next payment of rent whenever made. (*Kirk v. Cunningham*, 1921, 3 K.B. 637.)

^{note} A tenant who has paid the landlord's property tax is entitled to deduct the amount of the tax from the rent, and the landlord is bound to allow the deduction, notwithstanding that the tenant has refused to produce to the landlord the receipt for the tax or other evidence that it has been paid. (*North London &c. Co. v. Moy*, 1918, 2 K.B. 439.)

When real property is sublet at a rent higher than the assessment of the property for income tax, the tenant paying that higher rent cannot deduct from it income tax at the current rate per £ on the full amount. By the provisions of Rule 4 (1) of G.R. VIII, the tenant of a property may only deduct the amount paid by him, or allowed by him to a sub-tenant, in respect of the assessment. (*Rossdale v. Fryer*, 1922, 2 K.B. 303.)

A tenant may pay the amount of property tax due upon the premises he occupies in respect of a period prior to his occupation, and, having done so, is entitled to deduct the amount from his next payment of rent. (Re *Hayman, Christy & Lilly*, 1917, 1 Ch. 545.)

If a difference arises between (a) tenant and landlord or any other persons as to deduction on account of tax; or (b) the occupier and any former occupier, or his executors, etc., as to the proportion of tax to be paid or allowed by either of them, the proportion is to be settled by the General Commissioners of the division, who, in default of payment are to levy the same as if the proportions so settled had been charged upon the respective persons, and to pay the same to the collector or other proper person. (All Schedule Rules, R. 22.)

A person who refuses to allow a deduction of tax authorized by this Act to be made out of any payment, shall forfeit the sum of £50. Every agreement for payment of interest, rent, or other annual payment in full without allowing any such deduction shall be void. (R. 23.)

Where an agreement for a lease had been decreed to be specifically performed, and to contain the same covenants and provisions as were in the original lease, one of which covenants was that so long as any tax upon property or income should be imposed upon the rents, the reserved rent of £690 should be increased in proportion to the amount of the tax, it was held that, notwithstanding the provisions in the Income Tax Act, 1842, the new lease

must contain the same covenants and provisions as were inserted in the original. (*Bcadel v. Pitt*, 1865, 11 L.T. 592.)

An agreement that, if the tenant will continue to pay his rent in full without any deduction in respect of landlord's property tax paid by him, the landlord will repay to the tenant all sums which he has paid or shall pay for the landlord's property tax, is not invalid as being contrary to the provisions of the Income Tax Act, 1842. (*Lamb v. Brewster*, 1879, 4 Q.B.D. 607.)

It is quite clear that there is no authority to levy upon an occupier for the time being any tax which ought to have been levied upon and voluntarily borne by a former occupier. (G.R. VII, R. 3 (6).)

MACHINERY FOR ASSESSMENTS AND APPEALS.

FORM OF APPEAL.

No. of Assessment.....

Parish.....

I beg to give formal notice of appeal against the Schedule A (and Inhabited House Duty) Assessment on my house on the grounds that the amount is excessive, illegal, unfair, and incorrect.

Date.....

(Signed)

This form (which, with the necessary modifications, can be used for other appeals) should be delivered within 21 days (or not later than 31st August, 1923, except where the notice has not been received before the 1st of July, when an extension will be granted until 30th September) to the local inspector of taxes.

The chief officials concerned are—

I. General Commissioners (Act of 1918, Sect. 58), who are responsible for assessment and collection of the tax.

All assessments have to be signed and allowed by them, and they hear all appeals against assessment.

II. Inspectors or Surveyors of Taxes, who act under the Commissioners of Inland Revenue. (Act of 1918, Sect. 75 (1).)

III. Assessors. The General Commissioners, before the 10th of April in each year, send a precept to so many of the inhabitants of each parish as they think fit, requiring their attendance within 10 days at a place appointed. On their appearance, the commissioners appoint such of them as they think proper to be assessors for the parish. (Act of 1918, Sect. 76.)

IV. Collectors. The commissioners are, in April of every year, to nominate one or more persons resident in the parish to the office of collector. (Act of 1918, Sect. 80 (1).)

If a person chargeable does not, after due notice, deliver a statement of the annual value of property in his possession or, if the commissioners are not satisfied with such statement, a survey may, after two days' notice to the occupier, be made of the property in order to ascertain the annual value thereof. (Act of 1918, Sect. 116.) This provision does not apply to London.

Inspection of books. The commissioners, or any persons authorized by them, may, without payment, inspect and take copies or extracts from any book kept by a parish officer concerning any rates or taxes, and any person improperly refusing such inspection, etc., is liable to a penalty of £10. (Sect. 114.)

The overseers may be required to produce to the commissioners the rate book or a true copy thereof, and a true copy of the last rate made. If it should appear that any assessment has not been properly made, the commissioners may examine on oath the assessor or overseer as to (a) the basis on which the rates have been made; (b) what property has not been rated; and (c) properties which should be assessed on profits, or on an average of profits. (Sect. 115.)

An appeal once determined by the commissioners is final, and neither the determination nor the assessment made thereon is to be altered except by an order of the Court, on a special case stated by the commissioners.

Where objection has been made by the inspector to an assessment upon any person, and that objection has been determined, the inspector is not to make any further charge for the same year upon that person in respect of the same matter, property, or profits included in the assessment to which the objection, so determined, was made. (Sect. 133.)

As soon as the assessments under Schedule A for any parish have been signed and allowed, the commissioners shall give notice as follows—

(a) by delivering a copy of the assessment (i.e. the Blue Form) to the assessor of the parish for inspection by the persons assessed, together with a notice of the day of appeal, to be affixed on or near to the church door or on any other public place in the parish; or

(b) by delivering to each person assessed a notification of the amount of his assessment and of the day of appeal. (Sect. 134.)

Notice of meetings to hear appeals is to be given to the inspector by the clerk to the commissioners. (Sect. 135.)

A person aggrieved by any assessment, or by any objection to an assessment, has a right of appeal on giving notice in writing to the inspector within 21 days after the date of the notice of such assessment or objection. (Apparently for 1923 the Government will extend this period until 31st August, and until 30th September, where notices have not been received by the 1st July.) There is also a right of appeal by any owner or other person in receipt of the rent of any lands, although not the occupier thereof. The commissioners may postpone the appeal if the appellant is prevented from attending through any reasonable cause. Where any person aggrieved has removed from the

division in which the assessment was made, the appeal may be heard in the division to which he has removed. (Sect. 136.)

137. (1) The General Commissioners shall cause notice of the day for hearing appeals to be given to every appellant and shall meet together for the hearing of appeals from time to time, with or without adjournment, until all appeals have been determined.

(2) The inspector and the assessor may attend every appeal, and shall be entitled—

(a) to be present during all the time of the hearing, and at the determination of the appeal; and

(b) to produce any lawful evidence in support of the assessment or surcharge; and

(c) to give reasons in support of the assessment or surcharge.

(3) (a) Upon any appeal, the General Commissioners may permit any barrister or solicitor to plead before them on behalf of the appellant or officers, either *viva voce* or in writing, or may hear any accountant.

(b) If the General Commissioners refuse to permit a barrister or solicitor to plead before them, or to hear any accountant, the appellant may, in lieu of proceeding with his appeal before them, appeal to the Special Commissioners, who shall hear the barrister, solicitor, or accountant.

[The commissioners have agreed, in view of the technical nature of appeals, to permit the appellant to be represented by agents, e.g. members of the Surveyors' Institution or the Auctioneers' and Estate Agents' Institute. Owners, *in futuro*, can be represented by any person at the hearing.]

(c) In this sub-section, "accountant" means a person who has been admitted a member of an incorporated society of accountants.

(4) If, on an appeal, it appears to the majority of the commissioners present at the hearing, by examination of the appellant on oath or affirmation, or by other lawful

evidence, that the appellant is overcharged by any assessment or surcharge, the commissioners shall abate or reduce the assessment or surcharge accordingly, but otherwise every such assessment or surcharge shall stand good.

(5) If, on any appeal, it appears to the commissioners that the person assessed or surcharged ought to be charged in an amount exceeding the amount contained in the assessment or surcharge, they shall charge him with the excess.

(6) (a) Appeals against surcharges shall be heard and determined in like manner as appeals against first assessments.

(b) If a surcharge is allowed on appeal by the General Commissioners, in whole or in part, the assessment shall be made upon the amount of the surcharge allowed in treble the rate of tax prescribed.

Provided that, if the commissioners are of opinion—

(i) that the assessment might have been amended by the surveyor by means of the original statement of the appellant ;

(ii) that the alleged default, neglect, or omission, or the claim of exemption, abatement, relief, allowance, or deduction was not wilfully made with intent to defraud the revenue ;

(iii) that the appellant was prevented from making an amended return in due time by absence, sickness, or other sufficient cause ;

(iv) that there was reasonable cause of doubt or controversy, on the part of the appellant, on the subject matter of appeal ;

the commissioners may remit the treble rate of tax, in whole or in part, and may charge at the single rate of tax only.

138. (1) If, on appeal against an assessment under Schedule A, any dispute arises as to the annual value of any lands, etc., the General Commissioners may, if they consider it necessary, and shall, if required by the appellant,

direct the appellant to cause a valuation to be made, by a person of skill named by them, and may require the same to be verified on oath of such person, and the annual value shall be determined in accordance with that valuation.

(2) If the appellant does not proceed, with effect, to cause such valuation to be made, the commissioners shall determine the annual value according to the best of their judgment.

(3) The costs and charges of any such valuation shall abide the final determination of the commissioners, and, if the value so found exceeds the value alleged by the appellant, the commissioners may order him to pay the costs and charges of the valuation, but if they are of opinion that such costs and charges have not been incurred through any default of the appellant, they shall issue an order for the payment of the said costs and charges by the Commissioners of Inland Revenue.

(4) This section shall not apply within the administrative county of London.

Suggested Re-assessment Concessions, 1923.

(1) Non-occupying owners of houses let at rents based on the real value to bear income tax on net income, after deductions for repairs and maintenance.

(2) Occupier-owners to pay tax on real rental value, and not on a valuation based upon the temporary high prices paid by recent buyers of similar houses. If in the last case excessive increases have been made such assessments to be rectified.

(3) Time for appealing against assessments to be tended to 31st August ; where notice has not been received until 1st July a further extension is given until 30th September, 1923. Owners who have not received notices of assessment entitled to claim adjustment up to April, 1925.

(4) Statutory right to claim revision of assessment if rent or value falls.

(5) Higher allowances for repairs.

(6) No Inhabited House Duty on annual values under £30, and a lower graduated duty on houses between £30 and £90. (See Appendix IV.)

(7) For present flat rate allowances for repairs and maintenance, see *ante*, p. 57.

The Government proposes that the scale for 1923 should be amended as follows—

Annual value not exceeding £40, one-quarter of annual value.

Exceeding £40 but not exceeding £100, one-fifth of annual value.

Exceeding £100, £20 + one-sixth of the annual value above £100. (See Appendix IV.)

SUMMARY OF ORDER OF PROCEDURE RELATING TO ASSESSMENTS.

1. Copies of poor rate obtained.

2. Local assessors appointed by the General Commissioners.

3. Local assessors send out forms for occupiers to make a return of rent or annual value.

4. Local assessors enter up returns and insert their estimate of annual value.

5. Inspectors of taxes then examine the assessments, and where they are not satisfied with the assessment they estimate the annual value, but such estimate should be brought to the knowledge of the General Commissioners.

6. A meeting of the General Commissioners is called to receive the assessments from the local assessors.

7. At this meeting the inspectors are also present.

8. Each assessor has to make an oath to the effect that he has made the assessments in accordance with law.

9. After this oath is taken and the inspectors offer no objection to the assessments, the books are signed by the General Commissioners.

10. Notices of assessment are then sent out to each occupier or owner as required.

11. If an assessment is objected to, notice of appeal has to be given within 21 days of the date of the notice (now extended, this year, to 31st August, 1923).¹

12. If an appellant and the inspector agree to an assessment, the General Commissioners acquiesce.

13. Failing agreement any person aggrieved has the right of a personal appeal to the General Commissioners.

14. The decision of the General Commissioners is final unless a point of law arises.

15. If the appellant or the inspector is dissatisfied with the decision of the General Commissioners either can demand a valuation.

16. The General Commissioners name the valuer and his valuation is conveyed to the General Commissioners, who adopt such valuation.

17. On a point of law a case for the consideration of the High Court of Justice can be demanded by either the appellant or the inspector of taxes.

For relevant sections of Finance Act, 1923, governing Schedule A (The Blue Form) see Appendix IV.

¹ Where the notice of assessment has not been received before the 1st July, time of notice of appeal has been extended to 30th September, 1923.

CHAPTER XIII

INHABITED HOUSE DUTY

THE duty on inhabited houses is governed by the House Tax Acts, 1803, 1808, and 1851, Customs and Inland Revenue Acts, 1878 to 1890, and amending Acts. The duty is payable upon inhabited dwelling houses in and throughout Great Britain only (Act of 1851, Sect. 1), and is under the care and management of the Commissioners of Inland Revenue. (Sect. 2.)

In ascertaining the gross and rateable value of a house, it must be regarded as if it were let unfurnished, and the evidence of value is not the rent actually paid but the rent at which it might reasonably be expected to let from year to year. (*Hayward v. Brinkworth*, 1864, 10 L.T. 608.)

The statutory provisions as to the various houses, offices, and lands liable to pay inhabited house duty are contained in Schedule B of the Act of 1808—

1. Every coach-house, stable, brew-house, wash-house, laundry, wood-house, bakehouse, dairy, and all other offices, and all yards, courts, and curtilages, and gardens and pleasure grounds, belonging to and occupied with any dwelling house, shall in charging the said duties be valued together with such dwelling house; provided no more than one acre of such gardens and pleasure grounds shall in any case be so valued.

2. All shops and warehouses which are attached to the dwelling house or have any communication therewith shall in charging the said duties be valued together with the dwelling house and the household and other offices aforesaid thereunto belonging; except such warehouses and buildings upon or near adjoining to wharfs, which are occupied by

persons who carry on the business of wharfingers, and who have dwelling houses upon the said wharfs for the residence of themselves or servants employed upon the said wharfs. And also except such warehouses as are distinct and separate buildings and not parts or parcels of such dwelling houses, or the shops attached thereto, but employed solely for the purpose of lodging goods, wares, and merchandise, or for carrying on some manufacture, notwithstanding the same may adjoin to or have communication with the dwelling house or shop.

3. Every chamber or apartment in any of the Inns of Court, or of Chancery, or in any college or hall in any of the Universities of Great Britain, being severally in the tenure or occupation of any person or persons, shall be charged thereto as an entire house, and on the respective occupiers thereof.

4. Every hall or office whatever belonging to any person or persons, or to any body or bodies politic or corporate, or to any company, that are or may be lawfully charged with the payment of any other taxes or parish rates, shall be subject to the duties hereby made payable as inhabited houses; and the person or persons, bodies politic or corporate, or company to whom the same shall belong shall be charged as the occupier or occupiers thereof.

Where any house shall be let in different stories, tenements, lodgings, or landings, and shall be inhabited by two or more persons or families, the same shall nevertheless be subject to and shall in like manner be charged to the said duties as if such house or tenement was inhabited by one person or family only, and the landlord or owner shall be deemed the occupier of such dwelling house, and shall be charged to the said duties: Provided that, where the landlord shall not reside within the limits of the collector, or the same shall remain unpaid by such landlord for the space of 20 days after the same is due, the duties so charged

may, be levied on the occupier or occupiers respectively ; and such payments shall be deducted and allowed out of the next payment on account of rent.

5. No dwelling house or other such premises as aforesaid shall be estimated or rated at any less annual value than the rent or value at which the same premises stand charged in the last rate made on or before the time of making the assessment for the relief of the poor in the same parish or place.

6. In case any house with the premises aforesaid therewith occupied shall not be rated in such poor rate, or shall be rated therein together with other property not chargeable to the duties hereby granted, or there shall be no poor rate in the parish or place where such house is situate, and in every case where the rules before mentioned are not applicable, the assessors shall make their assessment from the best information they can obtain of the annual value thereof, which in all cases shall be the actual amount of the rent at which the said houses and premises aforesaid respectively are let, or, if not let, the rent which they respectively are worth to be let by the year.

7. Where any dwelling house shall be divided into different tenements being distinct properties, every such tenement shall be subject to the same duties as if the same was an entire house, which duty shall be paid by the occupiers thereof respectively.

The Act of 1851, Sect. 3, provides that no market garden or nursery ground occupied by a market gardener or nurseryman *bona fide* for the sale of the produce thereof, in the way of his trade or business, shall be included in the valuation of any dwelling house and premises in charging inhabited house duty.

Exemptions. (1) Any house belonging to His Majesty or any of the royal family, and every public office ; (2) hospitals, etc., provided for the reception or relief of the poor ; (3) houses left in charge of a person who does not

pay rates, and resides there solely for the purpose of taking care of it. (Act of 1808, Schedule B.)

The Customs and Inland Revenue Act, 1878, Sect. 13 (2), provides that a house or tenement occupied solely for the purposes of any trade or business, or of any profession or calling by which the occupier seeks a livelihood or profit, shall be exempt, and this exemption takes effect although a servant or other person may dwell there for its protection.

WHAT ARE DWELLING HOUSES, BUILDINGS, PREMISES, ETC. ?

Where the owner of a house, who has lived in it or let it as a furnished dwelling house, keeps it furnished and ready for habitation as a dwelling house, he is assessable in respect thereof to inhabited house duty, notwithstanding that during the year of assessment no person has lived or slept in the house. (*Smith v. Dawney*, 1904, 2 K.B. 186.)

The provision in Schedule B of the Act of 1808 that every hall or office chargeable with the payment of parish rates shall be subject to the duty "as inhabited houses" is to be construed as meaning "as inhabited dwelling houses," and the hall and offices of the Middle Temple, although not within the ordinary meaning of the word "dwelling house," were held liable to the duty. (*Styles v. Middle Temple*, 1899, 68 L.J. Q.B. 1046.)

The Middle Temple library was held not liable to the duty, inasmuch as a library is essentially different from a "hall or office," which is generally used for some business purposes connected with the general objects of the society, etc., possessing it, whereas a library is a place devoted to books, reading, and study. (*Styles v. Middle Temple*, 1898, 68 L.J. Q.B. 3, 157.)

Buildings belonging to a public school, and consisting of class rooms, gymnasium, etc., which had no internal communication with any buildings occupied for residential purposes, and were used by all the boys of the school, were

held not to be liable to be assessed with the residential buildings to the duty. (*Westminster v. Reith*, 1915, A.C. 259.)

A company owning a public school was assessed to the duty in respect of land and school buildings, and a head master's house, garden, etc., which were used for the purposes of the school. The head master's house was held by him under a lease, which would determine if he ceased to hold office. He resided in the house and kept boarders there for profit. It was held that the head master, and not the company, was the occupier of the head master's house, and that the rest of the school buildings could not be treated as an inhabited dwelling house. (*Clifton v. Thompson*, 1896, 1 Q.B. 432.)

Where a building, a part of which was used as a club and the remainder as an auctioneer's office, was only occupied during the day, it was held that it was not an inhabited dwelling house so as to be liable to the duty. (*Riley v. Read*, 1879, 4 Ex. D. 100.)

The occupier of a dwelling house and premises, used for the purposes of a boarding school, also occupied adjacent buildings separated from the first mentioned premises by a wall. There was a door in the wall through which, by means of a covered-in passage, there was communication between the premises on each side of the wall. The adjacent buildings were used as a chapel, class rooms, etc. It was held that the adjacent buildings must be included in the valuation of the premises for inhabited house duty, as being offices belonging to and occupied with the dwelling house. (*Browne v. Furlado*, 1903, 1 K.B. 723.)

In one wing of stables occupied by a trainer of race-horses were four rooms in which some of the stable lads slept. Close to the stables, but outside the stable yard, was a ten-roomed house with domestic offices and garden, occupied by the trainer's "head lad." It was held that the stables belonged to and were occupied with a dwelling

house, and that they were rightly included with the dwelling house in an assessment to the duty. (*Lambton v. Kerr*, 1895, 2 Q.B. 233.)

RATES OF DUTY.

By the Schedule to the Act of 1851 the duty payable upon every dwelling house with household and other offices, yards, and gardens, of rent of not less than £20 per annum—

(a) occupied by a trader where goods are sold in the front and on the ground or basement floor thereof ;

(b) occupied by a person licensed to sell by retail, beer, wine, or other liquors ;

(c) occupied by a tenant as a farmhouse ;
for every 20s. of such annual value, 6d., and for every dwelling house not so occupied and used, 9d.

By the Revenue Act, 1903, Sect. 11—

(a) the value of a dwelling in a house used for providing separate dwellings of an annual value below £20 is excluded from the annual value of the house for the purpose of the duty ;

(b) the rate of duty¹ in respect of any dwelling of an annual value

(i) of £20 but not more than £40 is reduced to 3d.

(ii) exceeding £40 but not exceeding £60 is reduced to 6d.

(iii) exceeding £60, 9d. (Customs and Inland Revenue Act, 1890, Sect. 26.)

The commissioners for carrying out the Acts relating to inhabited house duty are the Commissioners for Income Tax and Inhabited House Duties (commonly called General Commissioners) who are assisted by clerk, assessors, inspectors, surveyors, and collectors.

¹ The Government propose to amend the scale as follows : under £30, exempt ; between £30 and £60, 3d. ; between £60 and £90, 6d. ; over £90, 9d.

Houses occupied at the time of making the assessment are to be brought into charge according to the full and just yearly rent at which they are really and *bona fide* worth to be let. (House Tax Act, 1803, Sect. 10.)

Unoccupied houses are to be inserted in the assessment, and the assessors are to certify when they become occupied. Any person coming into occupation is to give notice thereof within 20 days under a penalty of £5, and he will further be liable to be charged for the whole year; but on giving notice he will be chargeable only from the commencement of the occupation. (Act of 1803, Sect. 15.)

Where a person has been assessed more than once to the duty for the same year, the commissioners will direct so much of the assessment as is an overcharge to be returned. (Taxes Management Act, 1880, Sect. 60.)

Where a person assessed ceases within the year of assessment to carry on the concern in respect of which the assessment is made and is succeeded therein by another person, the commissioners will adjust the assessment by charging the successor with a fair proportion thereof, and if either of the parties has paid more than his proportion, the amount of it, when recovered from the party liable, will be repaid to the person over-paying. (Act of 1880, Sect. 62.)

The valuation list for the time being in force is conclusive evidence in the metropolis of the gross and rateable value of the hereditaments included therein for the purpose of, inhabited house duty. The full and just yearly rent is deemed to be the gross value stated in such list. (Valuation (Metropolis) Act, 1869, Sect. 45.)

The annual value of any property which has been adopted for the purpose of, inhabited house duty for the year 1921-2 is to be taken as the annual value of that property for 1922-3. But this is not to apply to lands, tenements, etc., in the administrative county of London, with respect to which the valuation list under the Act of 1869 is made

conclusive for the purposes of the duty. (Finance Act, 1922, Sect. 16 (3).)

The year of assessment is from the 6th April, to the following 5th April inclusive. (Taxes Management Act, 1880, Sect. 48.)

The duty is payable on or before the 1st January in each year, except duty included in an assessment allowed after the 1st January, in which case it is payable on the day following that on which the assessment is allowed. (Act of 1880, Sect. 82.)

The commissioners, when assessing for the purposes of the inhabited house duty a house situate outside the metropolis, are not bound by the assessment appearing in the rate book, but ought to receive independent evidence to enable them to arrive at the annual value.

Where a house is let to a brewer at one rent and sublet by him to a licensed victualler at a lower rent upon the terms of the latter buying all his beer from him, the full and just yearly rent for the purposes of the duty is not the lower rent paid by the sub-tenant to the brewer, nor is it necessarily the higher rent paid by the brewer to his lessor, but the commissioners ought to receive evidence of the sum which the house is worth let by the year as a free house. (*Walker v. Brisley*, 1900, 2 Q.B. 735.)

The inspector of taxes may make supplementary assessments and rectify omissions and mistakes. There is a right of appeal to the General Commissioners, and from the commissioners to the High Court on any point of law.

Inhabited house duty not having been paid after demand by the collector, the latter levied a distress on the occupier's premises, and seized a piano therein belonging to the occupier's wife, a teacher of music, who used the piano in her business. It was held that, even assuming the piano to be an implement of trade, it was not exempt from distress under Sect. 4 of the Law of Distress Amendment Act, 1888, which applies to distress for rent only, and does not affect

the rights of the Crown, which is not mentioned therein ; that there is no common law exemption of such implements from distress for this duty, and that under Sect. 86 of the Act of 1880 the goods of third persons on the premises are liable to distress because they are charged on the land. (*McGregor v. Clamp*, 1914, 1 K.B. 288.)

Exemptions. These are chiefly governed by the Act of 1808, *ante*.

1. Tenements occupied by persons for trade or as warehouses for goods, or shops, or counting houses, previously occupied for residence only (House Tax Act, 1817, Sect. 1), or premises used solely for trade, are exempt for part of a year when not so used. (House Tax Act, 1832, Sect. 3.)

On an appeal against an assessment made upon certain blocks of buildings used partly as shops and partly for the residence of the staff, it was held that the premises were assessable as a whole because the business part communicated with the residential part, and the fact that the communication was closed at night by iron doors made no difference. (*Maple v. Wilson*, 1901, 85 L.T. 229.)

2. General exemptions in regard to houses occupied for trade and professional purposes. (Customs & Inland Revenue Act, 1878, Sect. 13, and amending Acts.)

“ A house is ‘ divided into and let in different tenements ’ when the rooms in it or groups of rooms in it are used and let for some purpose not common to the rest of the house and are divided off by any ordinary means, such as a door, and none the less so that the tenants of the different tenements use in common such things as kitchen, dining-room, staircase, or lavatory.” (*Farmer v. Cotton's Trustees*, 1915, A.C., a. p. 930.)

Houses used for providing separate dwellings. Houses originally built or adapted for artisans' dwellings and used for the sole purpose of separate dwellings are exempt from the duty, notwithstanding the existence of a common front door, entrance hall, and staircase, and the absence of

complete structural division of each separate set of rooms ; and that all the doors of each set of rooms open to the common entrance hall, and that the tenants have the use of a common wash-house on certain specified days. (*Seaman v. Lee*, 1899, 68 L.J. Q.B. 593.)

A building erected for the purpose of providing accommodation for men of the working classes contained separate sleeping rooms or cubicles, arranged on three landings round a central hall, and on the ground floor reading and dining rooms, etc., which were used by the occupants in common, and also quarters for the superintendent and staff. Each cubicle provided separate accommodation for one man, and a charge of 6d. a night was made for the room and the use of the other apartments. It was held that the cubicles, being only sleeping places, were not separate dwellings, and that the building, so far as it was used as a dwelling house, was not used for the sole purpose of providing separate dwellings within the meaning of Sect. 11 of the Revenue Act, 1903 (*ante*), and was not entitled to exemption from the duty. (*L.C.C. v. Cook*, 1906, 1 K.B. 278). And in *Hillman v. Anderson* (1906, 95 L.T. 452) it was held that if any one of the tenements is used as a shop as well as a dwelling house, the exemption or abatement does not apply, i.e. tenements must be used for dwelling exclusively.

For relevant sections of Finance Act, 1923, governing Inhabited House Duty, see Appendix IV.

APPENDIX I

PRÁCTICAL NOTES FOR RATE COLLECTORS AND ASSISTANT OVERSEERS

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DIGEST OF THE PRINCIPAL STATUTES AFFECTING THE MAKING, ASSESSING, AND COLLECTION OF LOCAL RATES.

1. **Poor Relief Act, 1601.** (Origin of the poor rate and overseers.) Instituted overseers in each parish to levy the poor rate upon all inhabitants, parsons, vicars and occupiers of land, houses, tithes, and coal mines. The principle of assessment was the ability to pay on the part of the occupier, and not, as now, the value of the premises occupied, and in *R. v. White* (1792, 4 T.R. 771) it was decided that a merchant was to be assessed in respect of ships he owned which at the time were trading in the West Indies; in other words, a person's income was the deciding factor.

2. **Poor Rate Act, 1743.** (Public Notification of making new rates.) Prescribes a remedy for the making of poor rates on "frivolous pretences and for private ends" by causing the overseers to give public notice in the church of every rate allowed by the justices the next Sunday after the rate has been allowed, and no rate is valid unless such notice has been given. This statutory obligation, as amended by the Parish Notices Act, 1837 (*post*), still operates, and must be observed to render the rate complete. The Act also provides for the inspection of the rate by any inhabitant at reasonable times, and for the taking of copies.

3. **Poor Relief Act, 1743.** (Rate books to be kept and appeals to Quarter Sessions regulated.) Provides for the keeping of the rate book, and prescribes the procedure and grounds for appealing to Quarter Sessions. Generally, the chief ground for appealing is that the assessment is excessive, but an objection can also be made that it is unfair in comparison to other assessments; that any person has been left out of the rate; or that the regulations for making the valuation list have not been observed. A usual phrase is that the grounds of objection are "that the assessment is excessive, illegal, unfair, and incorrect."

4. **Poor Rate Act, 1801.** (Objection to the rate and appeals to Quarter Sessions.) This enlarges the scope of the Act of 1743, and enacts that on a successful appeal to quash a rate, the rate

must still be paid by the person concerned, unless the Court otherwise orders, but is to be taken as payment on account of the next rate. Notice of appeal will not prevent a distraint being made for the recovery of the rate, provided the sum is not greater than that assessed in the previous rate. Notice of appeal to Quarter Sessions must also be given to the overseers, and the grounds of appeal must be specified in the notice. Where any person objects to his assessment because some other person is under assessed, etc., notice must also be given by the appellant to the person concerned. If the appellant's assessment is reduced, the Court may order the amount overpaid to be refunded. This procedure is now generally automatic and amounts are repaid without an order of the Court. Apparently there is no statutory provision for recovering rates where the assessment has been increased on appeal.

5. Poor Relief Act, 1814. (Excusal of rates on ground of poverty, and their recovery 7 days after demand.) Provides that, with the consent of the parish officers, the justices may discharge poor persons from payment of rates on the ground of poverty. Power is given to distrain *seven* days from demanding the rate, not only within the parish, etc., to which the rate refers, but also in any other county, etc., in which any of the goods of the person concerned is found.

When distraining outside the parish, etc., the goods must be identified as belonging to the premises on which the rate is made. This applies in the case of a person who removes his goods to another parish and is followed by the overseer. This rule must not be confused with the execution of a committal order in an area outside the jurisdiction of the justices making the order, the overseer or rate collector must get his warrant endorsed by the justices acting in the district in which it will be executed; this is called "backing the warrant."

6. Poor Relief Act, 1819. (Appointment of assistant overseers.) This Act provides that vestries may appoint paid overseers (s. 7), and also that they may rate owners in certain cases instead of occupiers (e.g. where the rent was not less than £6 nor more than £20 p.a. for any term less than a year) (s. 19). S. 20 provides that the goods of occupiers may be distrained for rates and that they may deduct such amount from the rent.

7. Poor Rate Exemption Act, 1833. (Exempts churches and chapels from rating.) Provides that no person is to be rated in respect of churches, chapels, or premises, or such parts thereof as are exclusively appropriated to public religious worship, and are duly certified (except those belonging to the Church of England) for the performance of religious worship, nor if the premises are used as Sunday Schools; such exemption, however, is not to apply to any parts of such churches, chapels, etc., as are not so exclusively appropriated and where any rents are paid or any profit or advantage is derived.

8. Parochial Assessments Act, 1836. (Defines gross and rateable value outside the metropolis.) All rates are to be made on the

net annual value of the rateable hereditaments, i.e. "the rent at which the same might reasonably be expected to let from year to year free of all usual tenants' rates and taxes, and from tithe commutation rent charge, if any, and deducting therefrom the probable average annual cost of the repairs, insurance, and other expenses, if any, necessary to maintain them in a state to command such rent."

This Act made it quite clear that assessments are not to be estimated on the Elizabethan principle of the ability to pay basis of rateability.

The word "hereditaments" in the Act applies to two classes, (1) corporeal, e.g. land, houses, railways, tramways, theatres, etc.; (2) incorporeal—tolls, wayleaves, royalties, easements, sporting rights, and tithe rent charges. An incorporeal hereditament must be incidental to the tenure of land and capable of being demised by the owner.

The Increase of Rent, etc., Act, 1920, does not affect the rateable value of the hereditaments to which it applies. (*Poplar v. Roberts*, 1922, A.C. 93.)

S. 2 of the Act of 1836 (*ante*) provides for the making of rates in a given form as set forth in a Schedule to the Act, and before the rate is allowed by the justices it must be either signed by the overseer or sealed by the authorities making the rate. The remaining sections empower the making of a new valuation list, the right of accredited persons to enter on lands, etc., for the purpose of surveying and valuing for assessment purposes.

9. **Parish Notices Act, 1837.** (Publishing new rates on church and chapel doors.) Prescribes that notices as to the making of rates must be fixed on or near the doors of all churches and chapels instead of announcing the fact during or after divine service. (See also Poor Rate Act, 1743.)

10. **Poor Rate Exemption Act, 1840.** (Exempts profits from stock-in-trade from rating.) Whilst preserving the rateability of the occupier of land, houses, tithes, coal mines, and saleable underwoods, exempts the profits of stock-in-trade. Previously it had been the custom to rate a shop-keeper, etc., on the value of his building as enhanced by the presence of his stock-in-trade.

11. **Scientific Societies Act, 1843.** (Exempts scientific and literary societies from rating.) Land and buildings occupied by scientific or literary societies are exempt from rates provided they are supported wholly or in part by annual voluntary contributions, make no gift or dividend to their members, and that they also obtain a certificate from the barrister appointed to certify the rules of friendly societies.

Most of these societies have applied for exemption, but only a few have succeeded in getting exemption. A society must be devoted entirely and exclusively to the purpose of science or literature, and must not make any charge to its members. Public libraries, it appears, are legally rateable, although it is the practice of many authorities to exempt them, or to assess them at a nominal

amount, in view of the fact that the library expenses do not usually exceed the product of a 1d. rate.

12. Lands Clauses Consolidation Act, 1845. (Sums equivalent to rates payable on cleared sites.) S. 133 (the "deficiency" section as it is called) compels the promoters of any works constructed under a special Act which incorporates this section to make good any deficiency in the poor rate by the taking of lands, e.g. where a railway company demolishes buildings which are in the rate book, for the purpose of constructing their line, the company must pay a sum equivalent to the amount of the poor rate on the rateable value of the demolished premises until the assessment of the new works is made. This would also affect street widenings where, say, one side is pulled down for constructing a tramway. A sum equivalent to the rates must be paid in respect of the houses, notwithstanding they have ceased to exist. In the case of works carried out by a public authority, the powers conferred by s. 133 are usually expressly excluded in the special Act under which the works are executed.

So far as the accounts in the rate book are affected, when buildings are demolished they should be discharged from assessment by means of a provisional or supplemental valuation list, but if the premises form part of a railway or other works in connection with a public undertaking, they should not be entered in the rate proper, but may be entered separately at the end of the rate book at their old assessment, and a sum equivalent to a rate on the old assessment demanded and collected from the promoters. When thus entered at the end of the rate book, a note should be made of the fact that the sums are received in conformity with s. 133. It may be pointed out that the "deficiency" is not a rate, and is not recoverable by means of the same procedure as a rate is recovered; it must be recovered by action.

13. Poor Law Amendment Act, 1848. (Guardians to make valuation on request of overseers.) Enables the guardians on application by a majority of the overseers, or any person rated to the poor rate to cause a valuation to be made at any time of any property alleged to be rateable, and the expenses of such valuation may be charged to the overseers or to the person making the application.

14. Distress for Rates Act, 1849. (Regulates proceedings for recovery of rates.) This Act regulates the proceedings for the recovery of the poor rate. Reference should be made to the Act for the purpose of perusing the forms of summons, etc., in the Schedule. The usual method of procedure is as follows—

All rate defaulters at a given date are entered in the summons book, and application is made to the justices or a stipendiary magistrate for a summons. The summons is usually granted on a declaration on oath that the defaulters are duly rated, that the rates have been demanded and are unpaid, and the production of the rate book if required. Summonses, when granted, are made out by the clerk to the justices (or Court) and served by either the police,

the rate collector, or the parish constable. If served by the police the summons fees will have to be paid to them. On the day of hearing, the rate collector attends the Court and gives evidence as to service of the summons, etc., and generally conducts the case for the council. Failing any opposition (e.g. the raising of a point of law by the defendant), and in the event of non-payment, a warrant of distress is issued. Usually there is an application to the Court for extension of time in which to pay. The defaulter cannot challenge the accuracy of the assessment or the amount of the rate claimed. The defaulter can only, as a rule, allege such material facts as refer to the period of his occupation, or that he is not the person to be rated, or that he is not the person named in the rate. It is important to have the correct names of occupiers in the rate books. Limited companies can only be sued through their accredited representatives, such as the secretary; an entry in the occupier's column such as "The Doemall Company" would not be correct, "John Brown and John Jones trading as the Doemall Company," would be better.

A person cannot be sued for rates prior to the period of his occupation, i.e. he is not liable for his predecessor's rates. For instance, if a rate for a half-year ending 30th September, is not made until, say, the 1st May, a person giving up possession of his house on the 30th April is not liable for any rates at all, assuming he has paid the preceding rates. In the same way, if the house were re-occupied on the date the rate was made, i.e. the 1st May, the incoming tenant would be liable for the entire rate. Allowances for empties should therefore be correctly calculated on the basis of the number of days covering the period of the rate commencing from the date the rate was made.

Although the rate may be made for a half-year, by order of the overseers it can be collected by quarterly, monthly, or even weekly instalments, the last two being uncommon.

In the case of the poor rate, the summons is followed by the distress warrant, which is usually executed by a certified broker. Unfortunately, the same procedure does not apply to the general district rate, the legal recovery of the latter being governed by process under the Summary Jurisdiction Acts. As regards the general district rate, the summons is followed by an order to pay in a specified number of days, the distress warrant following in due course. The distress warrants are usually handed to a broker. A broker cannot effect a levy between the hours of sunset and sunrise. Goods which are proved to be the property of the defaulter's wife or lodger, or goods which are on the premises for the purpose of being manufactured are protected, as are also tools used in the course of trade, together with personal bedding and wearing apparel.

If the warrant is returned marked "insufficient effects," or "goods property of wife," etc., then an application for a committal order follows. In the case of the poor rate this is generally formal, the justices interrogating the defaulting ratepayers. If they desire they may, with the consent of the rating authority, remit the rate

on account of poverty, or may commit the person to prison for any term not exceeding three months.

As regards the general district rate, proof of the defaulter's ability to pay is necessary, which in large industrial and residential centres where people are unknown, occasionally involves considerable trouble to the rate collector. The granting of a committal order and its execution, purges the debt, and no further action can then be taken.

15. Quarter Sessions Act, 1849. (Procedure at Quarter Sessions.) This Act amends the procedure of Courts of Quarter Sessions, and does not intimately concern the rate collector. All matters dealt with by Quarter Sessions, so far as the rating authority is concerned, are appeals against rates and assessments, and are mostly on the question of value.

16. Union Assessment Committee Act, 1862. (Making of valuation lists *outside* the metropolis.) This Act was passed for the purpose of securing uniform and correct valuations of parishes in England. It does not apply to the metropolis, which is governed by the Valuation (Metropolis) Act, 1869, except so far as s. 17, 18, 19, and 20 are concerned.

The Act empowers assessment committees to order the overseers of the several parishes in the union to prepare a valuation list, which, on completion, is to be deposited at the overseers' offices for inspection, and the usual public notices of such deposit are to be given on the Sunday following the deposit at the churches and chapels throughout the parish. The overseers, after 14 days from the time of the notice depositing the list, send it to the assessment committee.

Any overseer aggrieved by the valuation list, or any person aggrieved on the ground of unfairness or incorrectness of any valuation included in the list, or on the ground of the omission of any rateable property therefrom, may object within 28 days from the notice of deposit. Notice of objection must be given to the assessment committee and the overseer of the parish concerned, and where the objection is in respect of another person's property which it is alleged is under assessed, notice must also be given to that person.

Notice need not be given to the other person where evidence of his assessment is given not for the purpose of complaining it is too low, but in order to show by comparison that the premises of the aggrieved person are assessed too high. (*Norwich v. Pointer, ante.*)

Notice of the assessment committee's meetings to hear objections are to be published 28 days before holding the meeting, the overseers issuing the notice thereof in the usual manner. The assessment committee have power to revise the list whether an objection has been made or not, and to assist them in revising the list they may employ a person to survey and value the properties contained in the list. Where the committee alter any assessment, the valuation list must be re-deposited with the overseers for local inspection, and they are to appoint a day not less than 7 days nor more than

14 days from the re-deposit for the hearing of any objections to the list as so altered, and when all the objections have been heard the valuation list is formally approved.

Of course, if any ratepayer appeals to Special and Quarter Sessions and the assessment is amended, the valuation list is to be altered accordingly.

The overseers are the custodians of the valuation list when approved, and it must be produced by them to the justices when allowing the rate, if required, and to special and Quarter Sessions when an appeal is to be heard, but a copy is retained by the assessment committee.

Supplemental valuation lists are to be made whenever new buildings are erected or where property becomes liable to be rated in parts in consequence of certain structural alterations, or where other properties have become increased or reduced in value, and the provisions governing the giving of notices, etc., in regard to valuation lists also applies to supplemental lists.

In computing the amount of the contributions to the common fund the annual values as shown by the last approved valuation list are to be taken.

17. Union Assessment Committee Act, 1864. (Making valuation lists *outside* the metropolis.) Provides that no appeal can be made to Quarter Sessions unless (a) 21 days' notice of such appeal is given to the assessment committee, and (b) the appellant has failed to obtain from the committee such relief as he deems just. When a valuer is appointed by the assessment committee, his valuation must be in writing, and subsequently open to the same inspection as are the minute books of the committee. Overseers are empowered to recover expenses incurred by them in connection with any valuation or supplemental list from the poor rate. The clerk of the assessment committee is, in the month of December, to send the totals of the valuation lists of all the parishes within his union to the clerk of the peace of the county (for county rate purposes and now applicable to London). Under this Act an objection may be made to an *approved* valuation list at any time, so that if a ratepayer has omitted to object to the list under the Act of 1862, before it is approved he can object thereto at any time after approval.

18. Representation of the People Act, 1867, s. 7. (Rating of owners of small tenements in parliamentary boroughs.) At one time it was considered that this Act did not apply to the rating of property, but in *Stamper v. Sunderland*; *White v. Islington*, and *Griggs v. Stevens* (*ante*) the Courts held that where a house in a parliamentary borough and built for the occupation of one family before the passing of the Act, and now *wholly* let out in apartments or lodgings and not separately rated, the owner (not the agent, as in the Poor Rate Assessment, etc., Act, 1869, and Public Health Act, 1875), shall be rated in respect thereof to the poor rate. In *Allchurch v. Hendon* (*ante*), although there was no structural severance between the ground and first floors, and both tenants used the same street door to enter their apartments, the upper

tenant was enabled to reach the garden in the rear by means of an external staircase ; and where such separate occupation is shown, the occupants must be separately rated.

19. Poor Law Amendment Act, 1868, ss. 38-40. (Adding new houses to rate book, and service of demand notes.) By s. 38 when a person occupies a new house which was incomplete or unoccupied and not entered in the valuation list when the current rate for the time being was made, the overseers may enter such building in the rate book and require the occupier to pay what in their opinion is his proper quota, having regard to the rateable value of the building and the time between the making of the rate and the date of entry in the list, and such person is liable to be distrained upon in the ordinary course of procedure. The overseers must, however, subsequently insert all such cases in a supplemental valuation list made in conformity with the Act of 1862. (This section is not applicable to the metropolis.)

By s. 39, where the occupier (or owner) is liable is not living on the land or premises for which he is rated, the demand note may be served on the person having charge of such land or premises, and such service will justify any subsequent proceedings for non-payment of the rate, and where the occupier or owner's residence is unknown to the overseer, a summons for non-payment of the rate may be served in like manner. (This section is applicable to the metropolis.)

By s. 40, where any public body, limited company, or other aggregation of persons is rated in respect of property which they hold, the demand note or summons may be sent through the post to the clerk or secretary of such body at their recognized offices.

20. Sunday and Ragged Schools (Exemption) Act, 1869. (Exemption from rating.) S. 1 gives permissive powers to the authorities to exempt such schools from rating. (Ragged schools are now non-existent.) A Sunday School means any school used for giving religious education gratuitously to children and young persons on Sundays, and on week days for the holding of classes and meetings in furtherance of the same object and without pecuniary profit being derived therefrom.

21. Poor Rate Assessment and Collection Act, 1869. (Rating of owners and collection of rates.) The occupier of a house let to him for a term not exceeding 3 months is entitled to deduct from the rent due or accruing due any poor rate which he may pay, and every such payment will be a valid discharge of the rent to the extent of the rate so paid. This means that short term tenants may, apart from any agreement to the contrary, deduct the rates from the rent. Difficulties may thus arise between landlord and tenant, where councils have decided to revoke all compounding agreements and rate the tenants direct.

S. 2 provides that the overseers cannot compel payment at any one time or within four weeks of a greater amount than one quarter's rate, by inference, therefore, rates could be made payable by weekly instalments.

Ss. 3 and 4 are the compounding sections ; s. 3 is called the " permissive," and s. 4 the " mandatory " section.

Under s. 3, where the rateable value does not exceed, (a) in the metropolis, £20 ; (b) in Liverpool, £13 ; (c) in Manchester or Birmingham, £10 ; and elsewhere, £8 ; and the owner is willing to enter into an agreement in writing with the overseers to pay the poor rates for the term of not less than 12 months, *whether his houses are occupied or not*, the overseers may agree thereto and allow him a commission not exceeding 25 per cent.

Under s. 4 the vestries, i.e. local authorities, of any parish may order that owners of all houses to which s. 3 extends *shall* be rated therefor instead of the occupiers, and (a) allow a deduction of 15 per cent ; (b) if the owner gives notice in writing that he is willing to be rated for at least one year and will pay the rates on his property whether occupied or not, the overseers may allow him a further deduction not exceeding 15 per cent.

If the authority rescind any order respecting compounding, the alteration does not take effect until a day six months after the passing of the rescinding resolution, and notice must, of course, be given to the owners concerned.

By s. 5, owners who neglect to pay rates for which they are liable, due previously to 5th January in any year before the 5th June succeeding, forfeit their commission.

By s. 8, where an owner has omitted to pay the rates, the occupier may pay the same and deduct the amount from the rent due to the owner, and the rates receipt is to be a valid discharge of the rent to the extent of the rate so paid.

Where the tenant also pays the owner's property tax, it must be deducted from the *next* payment of rent, this regulation does not apply to rates, but it is desirable that the tenant should also deduct the rates from his rent as soon as possible.

By s. 11, where the owner has become liable for payment of rates, in default of payment, his goods may be distrained upon.

By s. 12, where the owner has failed to pay and his address is unknown, or, if known, there is insufficient goods to cover the amount of the distress, the overseers may distrain upon the tenant if he fails to pay after 14 days from the service upon him of the demand note, but the distress must not exceed the amount of rent which is outstanding. In such case the tenant may deduct the amount paid from the rent.

In practice, a special notice is given to tenants stating that rates are outstanding, and calling upon them to pay the rate to the overseers by weekly instalments equal to the amount of rate until the claim is satisfied. This arises chiefly in the case of short leasehold properties where the last two or three years of the unexpired term is sold or given to " men of straw," whose chief desire is to get as much rent as possible and to evade all their liabilities, especially the observance of dilapidation clauses in the lease and payment of rates.

By s. 13, owners who are rated have the same right of appeal against the valuation list and the poor rate as the occupier.

By s. 14, the overseers are to state the period for which the rate is estimated in the title of the rate, and if payable by instalments, the amount of each instalment and the dates they are payable. They can also make another rate before the period has elapsed, called a supplementary rate, but the practice is unusual. Overseers may determine the instalments to be half-yearly, quarterly, monthly, or even weekly, but they can only make a rate on a definite estimate of expenditure to be incurred during the currency of the rate. Rates were made yearly, now it is generally half-yearly, with quarterly instalments.

By s. 15, where rates are payable by instalments, each instalment is only enforceable when it falls due, i.e. the date fixed for its payment. By s. 12 (1), rates are payable on demand, and after 14 days of the service of the demand note, legal proceedings can be taken for their recovery.

S. 16 provides for changing the names of occupiers when necessary. Where a person ceases to occupy his premises before the expiration of a rate, or if unoccupied premises at the time of making the rate become occupied during the currency of the rate, the overseers *shall* enter the name of the person who succeeds and the date such occupation commences, so far as the same shall be known to them, and such occupier shall be liable to pay such proportionate part of the rate as is due from him, and an outgoing occupier shall be liable in the same way for his proportionate part of the rate.

As there was some doubt as to the extent of the outgoing occupier's liability, an amending Act was passed in 1882 (see *post*). This enacts that the outgoing occupier shall only be liable to pay so much of the rate as shall be proportionate to the time of his occupation within the period for which the rate was made, notwithstanding he may not be succeeded in his occupation by an incoming tenant.

All premises in occupation at the making of a rate must have all the occupiers' names on the rate book when the rate is made, and where by accident the name of the occupier in occupation when the rate was made has been omitted, such occupier cannot, outside the metropolis, be afterwards inserted in the rate, and so escapes payment of the rate. In practice the name would be inserted, leaving the occupier to contest its legality. In the metropolis, however, the matter may be put right by an application to the magistrate for leave to insert such name. (Valuation (Metropolis) Act, 1869, s. 72.) New occupiers may, however, be inserted in the rate book.

By s. 17, a poor rate is made when it is allowed, i.e. signed, by the justices, the general district rate when sealed by the council.

S. 18 provides that evidence of the making and publication of a poor rate shall be proved by submission of the rate book containing the justices' signatures.

By s. 19, all occupiers' names are to be inserted in the rate book, whether the owner is liable for payment of the rates or not, and if

the overseers negligently or wilfully omit any name or mis-state any name, they are liable on conviction to a penalty not exceeding £2.

S. 20 defines an "owner" as any person receiving or claiming the rent for his own use, etc., or for any person for whom he is acting as agent.

22. Valuation (Metropolis) Act, 1869. (Valuation lists in metropolis.) This Act established the quinquennial valuation of all the properties in the metropolis and makes new property and alterations in value rateable by means of provisional valuation lists, which, at the end of the rating year, are collected into one list, called the supplemental valuation list. These lists are made by the overseers, which in the metropolis are the borough council. Objections against the overseers' figures are considered by an assessment committee, also appointed by the borough council. (Except in those cases where the local poor law union's area is not coterminous with the municipal authorities. Where this exists, the guardians appoint the assessment committee.)

The definitions of gross and rateable value differ very slightly from those contained in the Union Assessment Committee Act, 1862, and the Parochial Assessments Act, 1836, but are practically the same, i.e. it is the rent the hypothetical tenant would pay. The words "the annual rent which a tenant might reasonably be expected," and "taking one year with another," indicate that the overseers may consider the question of the maintenance or decline of the rent. Usually the actual rent paid (provided it is *bona fide* and not a case of letting a house to a relative or for business consideration at a lower figure than comparative rentals) is taken as the gross value, and the repairs, sinking fund, etc., generally termed the "statutables," are deducted to arrive at the rateable value.

The gross rent under the Union Assessment Committee Act, 1862, is described as the "gross estimated rental," in London, under the Act of 1869, it is called "gross value."

London and provincial practice as regards rating are distinguished as shown on pp. 208 and 209.

23. Rating Act, 1874. (Rating of woodlands, minerals, and sporting rights.) This Act extends the Act of 1601 from "saleable underwoods" to (a) land used for a plantation or wood or for the growth of saleable underwood, and not subject to right of common; (b) rights of fowling, shooting, taking or killing of game, rabbits, and of fishing, when severed from the occupation of land; (c) mines of every kind not mentioned in the Act of 1601.

With regard to (a), it was held by the Courts, prior to 1874, that as only saleable underwoods were specifically mentioned, ordinary woods were exempted from rating. Saleable underwoods have been held to apply to woods so cultivated that successive crops are raised from the same roots of whatever kind the trees may be (wood grown for the purpose of making baskets, or hurdles, and generally cut annually), more value, of course, accruing to the owner in such a case. An ordinary wood is generally composed of decorative trees and planted more for the purpose of sheltering

	<i>Procedure under Valuation (Metropolis) Act, 1869.</i>	<i>Procedure under Union Assessment Committee Act, 1862.</i>
When valuation list must be made	By the overseers and deposited before the 1st June every quinquennial year (1925, 1930, 1935, etc.)	By the overseers whenever called upon to do so by the union assessment committee
Notice of deposit of the list for inspection of ratepayer	On the Sunday following deposit of the list	On the Sunday following deposit of the list
Notice to occupier of alteration of value, etc.	Where the assessment is raised above existing figures notice thereof must be immediately sent to the person concerned by the overseers	No notice is sent, ratepayers are expected to inspect the list
Period during which valuation lists remain on deposit before transmission to the assessment committee	Not sooner than 14 days and not later than 17 days	14 days
Objection to valuation list	Within 25 days after list is deposited (inspector of taxes within 28 days after he has received a copy of the valuation list)	Within 28 days after notice of deposit A copy of the valuation list is not supplied to the inspector of taxes
Revision of valuation list	Assessment committee to revise the list before 1st October, in same year	Assessment committee may revise the list (no time specified)
Re-deposit of list	List to be re-deposited within 3 days after revision	List to be re-deposited if assessment committee make any alterations
Service of notices	Where assessment committee (not as the result of an objection) raise an assessment or insert a fresh one—notice to be given by overseers to persons concerned immediately on re-deposit	No notice to be given to persons concerned (all persons are expected to examine the list)
Final approval of list	Before 1st November (3 copies of lists are prepared. One copy retained by overseers, one by assessment committee, the other by London County Council)	No date fixed, but generally made to coincide with the commencement of a new rate
Provision for valuing a house built between the times at which the valuation list is made	If in the course of any year, (from 6th April to the following 5th April) a hereditament is increased (or reduced) by an addition or erection thereon of any building or is from any cause (specific to the building concerned) increased in value, the overseers shall insert the affected premises in a provisional valuation list	Whenever overseers are of opinion that any rateable property included in the list has been increased or reduced in value they shall make a supplemental valuation list
Duration of provisional valuation list	Until merged in a supplemental valuation list made at the end of each of the four rating years	
Procedure in making supplemental valuation lists	Same as making the quinquennial valuation list	Same as making the valuation lists

	<i>Procedure under Valuation (Metropolis) Act, 1869.</i>	<i>Procedure under Union Assessment Committee Act, 1862.</i>
When may rates be re- funded consequent on a successful objection obtaining a reduction of assessment	No refundment is made when the assessment is reduced by the assessment committee in the quinquennial valuation list. When a provisional valuation list contains a lower assess- ment than that appearing in the quinquennial valuation list a refundment of the rates overpaid from the date of the notice from the clerk of the assessment committee to the interested ratepayer stating the premises have been placed in a provisional valuation list.	No refundment is made when the assessment is reduced in the valuation list or an objection made under the Union Assessment Com- mittee Act, 1862, i.e. to a list before approval. An objection during the cur- rency of a valuation list, if successful, dates from the whole period of the rate during which the objection was made.
Deductions between gross and rateable values	The maximum rate of deduc- tions between gross and rateable values are included in the Third Schedule of the Act; property is included in the various classes from 1 to 8 and range from 5 per cent to 53½. Clauses 9 to 11 relating to tithes, railways, etc., are to be determined by the general principle of law.	No fixed scale of deductions are provided (general prin- ciples of law, of course, are applicable.)
Returns from ratepayers	Forms prescribed by H.M. Treasury are supplied to the overseers by the inspector of taxes which the ratepayers are compelled to fill up. An assessment committee may also, by order, require returns from owners or occupiers (defaulting occupiers or own- ers can be legally compelled to make the returns).	Overseers have no power to call for return from rate- payers, but assessment committee may call upon the overseer to make "returns" of all property to the assessment committee.
Position of inspector of taxes	If inspector of taxes objects against an assessment, his figures are to be inserted in the valuation list unless assessment committee are satisfied his figures are incorrect.	No power to object. Im- perial taxes not payable on gross values in valuation list as in metropolis.
Appeals to Special Ses- sions	Appeal to Special Sessions must be made on or before 21st November in the quin- quennial year.	Appeals as prescribed by such Court.
Appeals to Quarter Sessions Appointment of valuer	Appeals to be made by the 14th January in any year. Assessment committee may appoint a valuer to make a valuation or provisional list.	Appeals as prescribed by such court. Assessment committee may appoint a valuer to make a valuation list or supple- mental valuation.

game, improving the landscape, or to break the rigours of the north wind from arable land having a northerly aspect. If the trees are "timber," i.e. oak, ash, elm, and beech in chair-making districts, then such a wood is of more value.

The measure of rateability is laid down in s. 4 of the Act.

The gross value and rateable value of any land used for a plantation or a wood or for the growth of saleable underwood, shall be estimated as follows—

(a) If the land is used only for a plantation or a wood, the value shall be estimated as if the land instead of being a plantation or a wood were let and occupied in its natural and unimproved state.

(b) If the land is used for the growth of saleable underwood, the value shall be estimated as if the land were let for that purpose.

(c) If the land is used both for a plantation or a wood and for the growth of saleable underwood, the value shall be estimated either as if the land were used only for a plantation or a wood, or as if the land were used only for the growth of the saleable underwood growing thereon, as the assessment committee may determine.

The sporting rights when severed from the land, i.e. let separately as is often the case, must be rated separately, and if rated with the land and the occupier of the land does not enjoy the sporting rights he may deduct from his rent such portion of the rates as refer to the sporting rights, and the assessment committee are to certify as to the adjustment of the rateable value (presuming, of course, the tenant has not contracted to pay such extra rate). "Sporting rights" are an incorporeal hereditament as opposed to such corporeal hereditaments which can be seen, such as land, houses, woodlands, etc.

The Act of 1601 only specifies coal mines as being capable of rating; the Rating Act of 1874 extends the liability to tin, lead, or copper mines, and the gross and rateable values are to be based on the dues or royalties minus all the expenses incurred in maintaining the mines in a state to command the rent.

24. Public Health Act, 1875. (Making, assessment, and collection of general district rate.)

S. 209. *District fund account.* In the district of every urban authority whose expenses under this Act are directed to be defrayed out of the district fund and general district rate there shall be continued or established a fund called the district fund: a separate account called "the district fund account" of all moneys carried under this Act to the account of that fund shall be kept by the treasurer of the urban authority: and such moneys shall be applied by the urban authority in defraying such of the expenses chargeable thereon under this Act as they may think proper.

S. 210. *Making general district rate.* For the purpose of defraying any expenses chargeable on the district fund which that fund is insufficient to meet, the urban authority shall from time to time,

as occasion may require, make by writing under their common seal, and levy in addition to any other rate leviable by them under this Act, a rate or rates to be called "general district rates."

Any such rate may be made and levied either prospectively in order to raise money for the payment of future charges and expenses, or retrospectively in order to raise money for the payment of charges and expenses incurred at any time within six months before the making of the rate; in calculating the period of six months during which the rate may be made retrospectively, the time during which any appeal or other proceeding relating to such rate is pending shall be excluded.

Public notice of intention to make any such rate, and of the time when it is intended to make the same, and of the place where a statement of the proposed rate is deposited for inspection, shall be given by the urban authority in the week immediately before the day on which the rate is intended to be made, and at least seven days previously thereto; but in case of proceedings to levy or recover any rate it shall not be necessary to prove that such notice was given.

S. 211. With respect to the assessment and levying of general district rates under this Act the following provisions shall have effect—

(1) General district rates shall be made and levied on the occupier of all kinds of property for the time being by law assessable to any rate for the relief of the poor, and shall be assessed on the full net annual value of such property, ascertained by the valuation list for the time being in force, or, if there is none, by the rate for the relief of the poor made next before the making of the assessment under this Act, subject to the following exceptions, regulations, and conditions (namely):

(a) The owner, instead of the occupier, may at the option of the urban authority be rated in cases—

Where the rateable value of any premises liable to assessment under this Act does not exceed the sum of ten pounds; or

Where any premises so liable are let to weekly or monthly tenants; or

Where any premises so liable are let in separate apartments, or where the rents become payable or are collected at any shorter period than quarterly:

Provided that in cases where the owner is rated instead of the occupier he shall be assessed on such reduced estimate as the urban authority deem reasonable of the net annual value, not being less than two-thirds nor more than four-fifths of the net annual value; and where such reduced estimate is in respect of tenements, whether occupied or unoccupied, then such assessment may be made on one-half of the amount at which such tenements would be liable to be rated if the same were occupied and the rate were levied on the occupiers:

(b) The owner, of any tithes, or of any tithe commutation rent-charge, or the occupier of any land used as arable meadow or pasture

ground only, or as woodlands, market gardens, or nursery grounds, and the occupier of any land covered with water, or used only as a canal or towing-path for the same, or as a railway constructed under the powers of any Act of Parliament for public conveyance, shall be assessed in respect of the same in the proportion of one-fourth part only of such net annual value thereof :

(c) If within any urban district or part of such district any kind of property is exempted from rating by any local Act in respect of all or any of the purposes for which general district rates may be made under this Act, the same kind of property shall, in respect of the same purposes, and to the same extent within the parts to which the exemption applies (but not further or otherwise), be exempt from assessment to any general district rates under this Act unless the Local Government Board by provisional order otherwise direct.

(2) If at any time of making any general district rate any premises in respect of which the rate may be made are unoccupied, such premises shall be included in the rate, but the rate shall not be charged on any person in respect of the same while they continue to be unoccupied ; and if any such premises are afterwards occupied during any part of the period for which the rate was made and before the same has been fully paid, the name of the incoming tenant shall be inserted in the rate, and thereupon so much of the rate as at the commencement of his tenancy may be in proportion to the remainder of the said period shall be collected, recovered, and paid in the same manner in all respects as if the premises had been occupied at the time when the rate was made :

(3) If any owner or occupier assessed or liable to any such rate ceases to be owner or occupier of the premises in respect whereof he is so assessed or liable, before the end of the period for which the rate was made, and before the same is fully paid off, he shall be liable to pay only such part of the rate as may be in proportion to the time during which he continues to be such owner or occupier ; and in every such case if any person afterwards become owner or occupier of the premises during part of the said period, he shall pay such part of the rate as may be in proportion to the time during which he continues to be such owner or occupier, and the same shall be recovered from him in the same manner as if he had been originally assessed or liable :

(4) The urban authority may divide their district or any street therein into parts for all or any of the purposes of this Act, and from time to time abolish or alter any such divisions, and may make a separate assessment on any such part for all or any of the purposes for which the same is formed ; and every such part, so far as relates to the purposes in respect of which such separate assessment is made, shall be exempt from any other assessment under this Act : Provided that if any expenses are incurred or to be incurred in respect of two or more parts in common, the same shall be apportioned between them in a fair and equitable manner.

S. 212. *Inspection of poor rate books for purposes of assessment.*
For the purpose of assessing general district rates any person

appointed by the urban authority may inspect, take copies of, or make extracts from, any valuation list or rate for the relief of the poor within the district, or any book relating to the same.

Any officer having the custody of any such rate or book who refuses to permit such inspection, or the taking of such copies or extract, shall be liable to a penalty not exceeding five pounds.

S. 218. *Estimate to be prepared before making rates.* Every urban authority, before proceeding to make a general district rate, or private improvement rate under this Act shall cause an estimate to be prepared of the money required for the purposes in respect of which the rate is to be made, showing—

The several sums required for each of such purposes ; and

The rateable value of the property assessable ; and

The amount of rate which for those purposes it is necessary to make on each pound of such value ;

and the estimate so made shall forthwith, after being approved of by the urban authority, be entered in the rate book, and be kept at their office, open to public inspection during the office hours thereat ; but it shall not be deemed part of the rate, nor in any respect affect the validity of the same.

S. 219. *Rates to be open to inspection.* Any person interested in or assessed to any rate made under this Act may inspect the same, and any estimate made previously thereto, and may take copies of or extracts therefrom without fee or reward ; any person who, having the custody of any such estimate or rate, refuses to allow or does not permit such inspection, or such copies or extracts to be taken, shall be liable to a penalty not exceeding five pounds.

S. 220. *Description of owner or occupier in rates.* Where the name of any owner or occupier liable to be rated under this Act is not known to the urban authority it shall be sufficient to assess and designate him in the rate as " the owner " or " the occupier " of the premises in respect of which the assessment is made, without further description.

S. 221. *Rates may be amended.* An urban authority may from time to time amend any rate made in pursuance of this Act, by inserting therein the name of any person claiming and entitled to have his name inserted, or by inserting the name of any person who ought to have been assessed, or by striking out the name of any person who ought not to have been assessed, or by raising or reducing the sum at which any person has been assessed, if it appears to the urban authority that he has been under-rated or over-rated, or by making any other alteration which will make the rate conformable to the provisions of this Act ; and no such amendment shall be held to avoid the rate.

Provided, that any person who may feel himself aggrieved by any such amendment shall have the same right of appeal therefrom as he would have had if the matter of amendment had appeared on the rate originally made, and with respect to him an amended rate shall be considered to have been made at the time when he first received notice of the amendment ; and an amended rate

shall not be payable by any person the amount of whose rate is increased by the amendment, or whose name is thereby newly inserted until seven days after such notice has been given to him.

S. 222. *Publication and collection of rates.* All rates made or collected under this Act shall be published in the same manner as poor rates, and shall commence and be payable at such time or times, and shall be made in such manner and form, and be collected by such persons, and either together or separately, or with any other rate or tax, as the urban authority may from time to time appoint: Provided that no publication shall be required of any private improvement rate.

S. 223. *Evidence of rates.* The production of the books purporting to contain any rate or assessment made under this Act shall, without any other evidence whatever, be received as *prima facie* evidence of the making and validity of the rates mentioned therein.

S. 224. *Power to make deduction from rate in certain cases.* Where it appears to an urban authority that any premises were sufficiently drained before the construction of any new sewer laid down by them, they may deduct from the amount of rates otherwise chargeable in respect of such premises such a sum for such time as they may under all the circumstances of the case deem just.

S. 225. *Power to reduce or remit rates.* An urban authority may reduce or remit the payment of any rate on account of the poverty of any person liable to the payment thereof.

25. Poor Rate Assessment and Collection Act, 1869, Amendment Act, 1882. (Apportioning poor rate on outgoing occupiers.) S. 3 provides that so far as regards the payment of rates by an outgoing occupier, s. 16 of the Act of 1869 "shall extend and apply to any outgoing occupier assessed in the rate, and such outgoing occupier shall only be liable to pay so much of the rate as shall be proportionate to the time of his occupation within the period for which the rate was made, notwithstanding he may not be succeeded in his occupation by an incoming tenant." If, however, a person vacates his premises before the making or allowance of the rate, he is not liable for any portion thereof, but if he takes occupation on the day the rate is made he is liable for the full period. Two illustrations will make this clear. "A" vacates his house on the 10th October, 1923, and the rate for the period ending 31st March, 1924, is not made or allowed until the 12th October, 1923, no proportion is chargeable to "A." If "B" takes possession of a house on the 12th October, 1923, the rate being made under similar circumstances as above, he is liable for the full rate. All allowances for empties or voids are to be calculated on the basis of the number of days included in the rate from the day it is made—if the rate is made as above the period would be 170 days, and if the premises are only occupied for, say, 30 days, the amount to be charged would be 30/170ths of the full rate.

S. 4 provides that in parishes where there are no churches or chapels the rate shall be deemed to have been duly published if

within 14 days after the making of the rate notice thereof has been fixed in some conspicuous place in the parish.

26. **Advertising Stations (Rating) Act, 1889.** The Act lays down a new principle in rating law in that it departs from the rule that the "occupier" is to be rated and substitutes the person authorizing the exhibition of the advertisements.

S. 3 enacts that where, say, *land* is used temporarily or permanently for the exhibition of advertisements or for the erection of any hoarding or structure for the exhibition of such advertisements *but not otherwise occupied*, the person permitting the same to be used, or if he cannot be ascertained (or there is no tenant of the land), the owner shall be deemed to be in beneficial occupation of such land and shall be rated in respect thereof.

Where a hoarding is erected, say in a field or enclosure for which the billposter has received direct permission from the tenant, then the tenant must be rated. If, as is often the case, the hoarding is erected on vacant land, the owner of the land is clearly the person who must be rated, and any agreement between the parties that the billposter is to pay the rates does not affect the right of the rating authorities to obtain the rates from the owner.

S. 4 relates to the rating of the occupier of hereditaments used for advertisements, and states that the value of such land or hereditament is to be so estimated as to include the increased value from such use. There is no question as to the method of attachment, it is sufficient to show that the building is used for the "exhibition" of advertisements, and the same point also holds good if garden walls, gates, and fences are used.

From the valuer's aspect these stations do not present any special difficulties, it is the usual thing to rate them on the amount of rent paid for the use of the station. If the advertising station consists of a large hoarding (under s. 3) which involves some charge for maintenance, a slight deduction would be made between gross and rateable values: if, however, the station is on the flank wall of a house, there is no difference made between gross and rateable value.

If, however, the rent charged is below the market value, the valuer should ascertain the superficial contents of the hoarding and base his assessment on the rents paid in similar positions per superficial foot per annum; in many parts of London a rental of 1s. per sq. ft. per annum obtains; of course, in choicer situations the rental values are much higher—but it is best to test every rent indicated by the process of measuring the station, as it is found that some owners have a very low idea of the values of advertising stations and often let them at even nominal rents. For the purpose of obtaining uniformity, the assessments should be based on the market value rents, and it will be of considerable assistance if a list of rents obtaining in various localities is prepared, so that the valuer can readily defend his action if necessary before his local assessment committee.

By s. 5, where any hoarding, gantry, scaffolding, or other structure projects upon or over any part of a public highway, or over any

land belonging to a local authority, any advertisements attached thereto should not be rated in accordance with either Ss. 3 or 4, but should be licensed for such purposes, subject to the payment of a fee to be determined by the local authority. Amounts received under this section are not entered in the rate books but are included in the general revenue of the council—as a rule these cases only occur during building operations and are, therefore, more or less of a temporary character.

* 27. **Local Government Act, 1894.** (Powers of overseers vested in urban district councils.) The Act amended the law regulating the appointment of overseers, and it finally disconnected the association (from 1601) of the ecclesiastical authorities with local government, in that the overseers were appointed by the vestry, appointed in its turn by the ratepayers at a public meeting, who also appointed the vestry clerk. The powers of the vestry were transferred to the parish council and rural district council, but if any municipal or county borough and urban district council also desire these powers they can be obtained on special application to the Local Government Board (Ministry of Health).

The overseer is not, of course, a paid official, and officials called assistant overseers were appointed by the guardians under the Poor Relief Act, 1819, s. 7 (*ante*), and as such were sometimes appointed for a limited period, such as twelve months, usually the appointment was always renewed. The majority of appointments were, of course, permanent—in such cases where the guardians made the appointment, which previously to 1894 was always the rule, the Local Government Board not only sanctioned the appointment but agreed the terms thereof, and where, as has frequently happened, a collector arranged to collect rates on a commission basis no readjustment can be made except by consent of all parties concerned.

An assistant overseer may be appointed for a parish in which a collector of poor rates is acting, his duties are generally of a supervisory character and carries a title of superintendent assistant overseer.

Where assistant overseers have been appointed by an urban district council, the appointment should be made by a resolution of the council and duly entered on the minutes. Usually the powers and duties of the assistant overseer are defined by the appointing authority, if not so indicated, his duties will be to assist the overseers in the execution of all their duties, and generally to act under the supervision of the vestry clerk or clerk to the overseers. In the metropolis the town clerks act.

The Act provides for unification in the collection of rates. When an urban district council desires to effect such a purpose they must first obtain the authority of the vestry under the Act, and then if they obtain the consent of the local board of guardians to the scheme the subsequent agreement thereto by the Ministry of Health would not be withheld, provided the interests of the officials concerned were safeguarded.

Joint collection of rates schemes only apply to the actual collection, the result is that rate books are unnecessarily large, having separate columns for the poor rate and the general district rate, each having different arrangements where land and compounding is concerned—whilst the procedure for recovering unpaid rates also varies. In the metropolis, however, under the London Government Act, 1899, the poor rate and general district rate is to be assessed, made, collected, and levied as one rate, called the “general rate.” This arrangement considerably simplifies the accountancy side of the work, and it is collected as if it were the poor rate, charged on the full assessment, and rates recovered under the Distress for Rates Act, 1849. (The rate collector should obtain a copy of this Act, as it contains all the details relating to the recovery of rates by legal process.)

28. **Agricultural Rates Act, 1896.** (Partial exemption of agricultural land from rating.) This is popularly called “The Farmers’ Doles” Act—the Act was originally passed for a period of five years and has been extended from time to time. In effect it provides that the occupiers of agricultural land shall pay half rates¹ thereon, the other moiety being paid by the State.

Separate columns are provided in the valuation lists in which the total rateable value of the agricultural land is to be inserted, and where any hereditament consists partly of agricultural land and partly of buildings, the gross estimated rental of the buildings, when valued separately from the agricultural land, when such buildings are used only for the cultivation of the land, should not be calculated on structural cost (the contractor’s theory of valuation), but on the rent at which they would be expected to let to a tenant from year to year.

The expression “agricultural land” means any land used as arable, meadow, or pasture ground only, cottage gardens exceeding one-quarter of an acre, market gardens, nursery grounds, orchards or allotments, but does not include land occupied together with a house, as a park, gardens, pleasure grounds, or any land kept or preserved for purposes of sport or recreation, or land used as a racecourse, and the term “cottage” means a house occupied by a person of the labouring classes.

The term “nursery grounds” does not apply to land on which greenhouses or glasshouses have been erected, nor to a farmer’s residence and farm buildings.

Periodical returns of all agricultural land must be made by the overseers and when corrected, if necessary, by the assessment committee, they are sent to the inspector of taxes.

29. **London Government Act, 1899.** (Metropolis general rate.) S. 10 (1). *Levy of rates.* A scheme under this Act shall provide for all the expenses of a borough council being paid out of the general rate, and for the discontinuance of a separate sewers rate and

¹ The Agricultural Rates Act, 1923, s. 1, substitutes one-quarter for one-half. (See *post*, Appendix IV.)

separate lighting rate, but shall make provision for protecting the interests of owners and occupiers of any hereditament which is exempt from any rate or liable to be assessed thereto at a less amount than other hereditaments.

(2) The general rate and the poor rate shall be assessed, made, and levied together by the borough council as one rate, which shall be termed the general rate, and shall be assessed, made, collected, and levied as if it were the poor rate, and all enactments applying or referring to the poor rate shall, subject to the provisions of this Act as to audit, be construed as applying to or referring also to the general rate.

(3) Where a borough comprises more than one parish, the amount to be raised to meet the expenses of the borough council, or other sums payable as part of those expenses, shall, subject to any provision required for the adjustment of local burdens, be divided between the parishes in proportion to their rateable value.

S. 11 (1) *Overseers and collection of rates.* The council of each borough shall be the overseers of every parish within their borough, and shall appoint such officers as may be required to assist in the transaction of the business, and shall defray the expenses of and incidental to the performance of the duties of overseers. Provided that the town clerk of each borough shall have the powers and duties, and be subject to the liabilities of overseers with respect to the preparation of lists of voters and of jury lists in the borough, and any document required to be signed by overseers may be signed by the town clerk.

(3) All the rates collected in a metropolitan borough from any person by the council shall, as far as is practicable, be levied on one demand note, and the demand note shall be in a form approved by the Local Government Board, and shall state in manner provided in that form—

(a) the rateable value of the premises in respect of which the rate is levied; and

(b) the rate in the pound; and

(c) the period for which the rate is made; and

(d) the several purposes for which the rate is levied; and

(e) the approximate amount in the pound required for each purpose (including, as far as is practicable, the proportionate amount of the estimated costs of and loss in collection); and

(f) any matter required by s. 2 of the London (Equalization of Rates) Act, 1894, or any other enactment, to be stated in the demand note.

S. 13. *Assessment committees.* Where the whole of a poor law union is within one borough, the assessment committee shall, notwithstanding anything in s. 5 of the Valuation (Metropolis) Act, 1869, be appointed by the borough council instead of by the board of guardians, and, where the borough comprises the whole of two or more unions, the council shall appoint only one assessment committee for those unions, and where the council appoint the

assessment committee the town clerk shall act as the clerk to that committee.

30. Tithe Rent Charge (Rates) Act, 1899. (Partial exemption from rates of incumbent.) This Act only operates so long as the Agricultural Rates Act, 1896, is in operation. It provides that the owner of a tithe rent charge attached to a benefice shall be liable to pay only one-half of the amount of any rate to which the Act applies, the remaining moiety being paid by the local inspector of taxes. The Act has been extended by the Ecclesiastical Tithe Rent Charge (Rates) Act, 1920 (*post*).

31. Statement of Rates Act, 1919. (Provides for the information to occupiers of the amount of the rates payable for the houses which they occupy.) Every demand or receipt for rent which includes rates for which the landlord is liable for payment under any statutory enactment (Poor Rate Assessment, etc., Act, 1869, and Public Health Act, 1875) shall state either the annual, half-yearly, quarterly, monthly, or weekly amount of such rates in accordance with the last rate demand received by the owner at the time of making his demand for rent, or giving his receipt therefor. Such detailed information respecting the rates need not be repeated on any subsequent demand for the same period, and the Act does not apply to weekly lettings at inclusive rentals in any market controlled by statute.

32. Ecclesiastical Tithe Rent Charge (Rates) Act, 1920. (Partial exemption from rates.) This Act affects any rate made on or after 1st April, 1920, and before 1st January, 1926, and therefore, like the Act of 1899, is a temporary measure. The three principal features of it are—

(1) The owner of tithe rent charge attached to an ecclesiastical corporation or benefice shall not pay any rates at any greater amount in the pound than the corresponding rate in the pound in the year 1918, and the excess is irrecoverable.

(2) Where the income arising from the benefice (as estimated in accordance with the Income Tax Acts) of such an owner does not exceed £300, he is not liable for payment of any rates.

(3) If the income of the benefice exceeds £300, but does not exceed £500, the owner is to be allowed an abatement of one-half of the amount of rates he might be liable for under the provisions of (1), and the balance is irrecoverable.

Before any allowance is made, a statutory declaration as to income is to be furnished to the rate collector by the party concerned.

33. Increase of Rent and Mortgage Interest (Restrictions) Act, 1920. (Rateable minima for compounding rates, and basis of rating new houses.) The compounding limits under the Poor Rate Assessment, etc., Act, 1869 (Metropolis, £20; Liverpool, £13; Manchester and Birmingham, £10; elsewhere, £8) are, by s. 16 (1), raised to 25 per cent in excess of the specified limits, except that this increase is not to apply to London. This does not mean that the assessments are also to be raised relatively to the increased percentages, as it was decided in *Poplar v. Roberts* (1922, A.C. 93) that the Act does

not affect the rateable value of the hereditaments to which it applies.

New houses erected after 2nd April, 1919, or dwelling houses *bona fide* reconstructed by way of conversion into two or more separate and self-contained flats or tenements are to be rated—

(a) if the house forms part of a housing scheme to which s. 7 of the Housing, Town Planning, etc., Act, 1919, applies, at the rent (exclusive of rates) charged by the local authority; and

(b) in any other case on the basis of the rent (exclusive of rates) which would have been charged by the local authority in respect of a similar house forming part of such a scheme as aforesaid.

In view of the foregoing, it is suggested that not only all houses erected under a housing scheme by a local authority, but also all new houses erected by a private person are to be rated at the comparative value of similar houses in the same street or locality. Obviously, without this rule the theory of perfect equality of assessment would have been completely destroyed. This point is also an illustration that the contractors' method of valuation, i.e. a percentage on value or cost of site and building cannot always be adopted.

The London rating authorities at a conference held under the auspices of the London County Council in 1919, adopted the following resolution—

"That the valuation for the purposes of the quinquennial valuation of property in London in the year 1920 under the Valuation (Metropolis) Act, 1869, be based on the assumption that the Rents Restriction Acts are in operation; and that a note be made in the quinquennial lists to the effect that the assessments are based on the restricted rents."

34. Education Act, 1921, s. 167. No person shall be assessed or rated to or for any local rate in respect of any land or buildings used exclusively or mainly for the purpose of the school rooms, offices, or playground of a public elementary school not provided by the local education authority, except to the extent of any profit derived by the managers of the school from the letting thereof.

Private schools maintained either by charitable or public institutions where free education is given, are not non-provided schools, nor are fee charging schools which are in being as a commercial speculation. The main test of determining the question as to whether a school is non-provided is to ascertain if it receives a government grant under the Education Act. Nonconformist day schools, usually known as "British" schools, Church of England, and Roman Catholic schools are illustrations of non-provided schools. Schools "provided" by any public authority in accordance with the Education Acts are rateable for the same reason affecting any other public undertaking.

35. Allotments Act, 1922, s. 17. (Rating of allotments.) As a rule the overseers should rate the individual occupiers of allotments, but where a council has provided the land for the allotments and

has given notice to the rating authority requiring to be assessed as the occupiers, the overseers are to rate the council instead of the occupiers. The section is also applicable to an allotments association if, at the request of the association, the rating authority agrees that it shall so apply.

36. **The Rent and Mortgage Restrictions Act, 1923**, prolongs the Increase of Rent, etc., Act, 1920, until 24th June, 1925. The Act applies to any dwelling-house of which either the standard rent or the rateable value does not exceed (a) Metropolitan police district, £105 p.a.; (b) Scotland, £90 p.a.; (c) Elsewhere, £78 p.a. The *standard rent* is the rent paid by the tenant on 3rd August, 1914, or if the house was unlet the rent at which it was last let before that date, or if the house was first let after 3rd August, 1914, the rent at which it was first let. The *rateable value* is the net rateable value on 3rd August, 1914, or if the house was first assessed after that date, the net rateable value at which it was first assessed. The Act permits, *inter alia*, the following increases: (1) In cases where the landlord pays the rates, any increased rates above those paid by him on 3rd August, 1914, or if no rates were then payable, any increased rates above those paid by him when rates first became payable after that date. (2) 15 per cent of net rent (i.e. the standard rent, less rates if the landlord pays the rates). (See Archibald Safford on The Rent Acts, 1920-1923.)

37. **Agricultural Rates Act, 1923.** (See *post*, Appendix IV.)

APPENDIX II¹

VALUATION

[FOR GENERAL PURPOSES]

CAPITAL VALUES

THE principal object of valuation, so far as the valuer is concerned, is to find the capital value of an income derived from house or landed property. This property, as will be seen later, is of many kinds and the interests to be valued vary according to the tenure.

To find the capital value, three factors are involved: (1) net annual income, (2) the term during which the income is to be enjoyed, and (3) the rate per cent at which interest is to be reckoned. (1) and (3) have to be ascertained by the valuer, and it is here where skill and experience are brought into play. (2) depends upon the tenure.

The method adopted to work out the capital value is to multiply the net annual value by the "years purchase" (Y.P.). This latter factor depends upon the number of years and the rate per cent of interest allowed in the calculation. The manner in which the Y.P. is arrived at will be explained later. At present it is sufficient to know that tables have been made from which the Y.P. can be extracted at once, the number of years being known and the rate per cent determined upon. In the case of perpetuities such as freehold property, the Y.P. always equals $\frac{100}{\text{rate per cent}}$. Thus,

if a sum is invested at 5 per cent and gives an income of £50; it is obvious that the sum is £1,000, the year's purchase or multiplier being $\frac{100}{5} = 20$ years (Y.P.).

(3) Rate per cent. This depends mainly upon the "market" and the security, and is a matter of supply and demand. The demand depends upon the amount of floating capital in the country, and, secondly, on the demand for that particular kind of investment. For instance, during the late war the great amounts borrowed by the Government, and the general instability, caused Consols to fall, and all gilt-edged securities fell in a similar manner owing to the small "floating capital." With regard to security, a man investing in War Loans, etc., is content with a smaller interest than if he invested in, say, mining or industrial shares. Similarly, well-secured ground rents give a smaller rate per cent for the money invested than do short leases or small property where the risk of empties is great.

¹ By Arthur Hunnings, F.S.I.

Incomes derivable from landed property may be divided first into incomes (1) in perpetuity, and (2) incomes for a term, the most usual of those two classes are (a) freehold, and (b) leasehold property.

FREEHOLDS

Freehold properties may in normal times and for our purpose be divided as follows—

Rate per cent.

3, 3½, or 4%	(a) Agricultural land (including farm-house and buildings).
4 and 5%	(b) Accommodation land.
ripe 4½%, unripe 5%	(c) Building land (or unsecured ground rents).
3½, 4, 4½, or 5%	(d) Secured ground rents.
5% and upwards	(e) Rack rents.

These rates of percentage fluctuate considerably in accordance with the market, i.e. supply and demand; land for sale in a central thoroughfare in the City of London would probably be worth 2 per cent, i.e. $\frac{100}{2} = 50$ years' purchase of the net rent, and this

high figure is based on the large revenues derivable from city offices and banks. Land, as such, is worth what it will fetch, having regard to its user; obviously land situated in the North of Scotland, where the subsoil is mostly rock and the surface producing a scanty vegetation from which only a few sheep can extract an existence, is worth much less than rich grass lands near populous towns, because a tenant can get a good living from the ready sale of dairy and agricultural produce.

Land forms the basis of all valuations, and the lowest rates of percentages are taken (highest years' purchase) because the income from it is secure.

When a building has been erected on the land the value of the site is enhanced because a greater rental can be obtained therefrom, the rent depending not only on the cost of the accommodation, but on the situation of the site. The situation of the property to be valued is all important, and local knowledge is very necessary.

Bare sites are valued on the basis of either a capital sum per foot frontage or an annual rental of per square foot (square yard in the provinces, where land is cheaper).

DEFINITIONS.

Agricultural land. This includes farms, farm lands and buildings, or any land where the income is derived by cultivation of the soil. The income depends on the nature of the soil, accessibility, etc. Agricultural land is a good investment, the income is liable to fluctuate but never likely to suddenly fall off. There is always a steady demand for agricultural land, the supply of which is continually being curtailed by the encroachment of towns on the

country—thus the return from freehold agricultural land is at a low rate and such land is generally valued on the 3 per cent tables.

A valuation of an agricultural estate calls for the very highest skill of the valuer, as there are so many factors to be taken into consideration: the soil, aspect, situation, condition of all the premises, timber, water supply, drainage, compensation which might be payable to tenants under the Agricultural Holdings Acts, including unexhausted manorial values, etc.

Accommodation land. This is land which is fit, as a rule, for ordinary agricultural purposes, but because of its proximity to a town is, in fact, ripe for building, whilst going through the transitional stage, i.e. the effluxion of time and the growth of the population and consequent development of housing needs. During this stage the land may be let for grazing purposes, or to sports clubs, at much higher rents than ordinary agricultural land. The latter usually varies from £1 per acre for heavy clay arable land to £4 or £5 per acre for good pasture land near a stream and in a dairy produce raising district. Although much higher rents than these figures can be obtained when used for sports grounds, the security is not so good, as the special demand may fall off at any time; for this reason, therefore, accommodation land should be valued at, say, 1 per cent higher than purely agricultural land.

Building land. (Unsecured ground rents.) Accommodation land or any other land which is in such a position as to be suitable for building purposes, especially if it adjoins land on which houses are already erected will naturally increase in value by reason of economic forces. The owner may let his land on a building lease, in which case he receives what are called ground rents during the term of the lease, and at the end thereof all the houses revert to him, i.e. he has the reversion to the rack rents of the houses built at the expense of the lessee. The source of any income from the land is the rent of the houses when built and occupied, and until this stage is reached there is no security. If the land can be profitably built upon at once, it is said to be *ripe* and would be valued on the 4 or 5 per cent tables. If some time must elapse before the land can be built on to the best advantage, it is said to be *unripe* and the 1 per cent higher table should be used.

In considering the capital value of any building estate, it must first be seen whether a profitable "lay out" can be established: this largely depends on the shape of the estate, whether rectangular or otherwise; the position of the nearest main road and local sewer; the requirements of the local authorities as to widths and character of streets. When all the income which will arise from the estate has been capitalized, the cost of forming roads and all other development charges must be deducted therefrom. All that the lessee will usually do is to erect the houses in accordance with the plans thereof.

Secured ground rents. These are ground rents after the estate is developed and the houses erected and occupied. This form of investment is in great demand, as the security is extremely good;

if the lessee does not pay the ground rent the landlord can distrain on the goods of the occupier or he can obtain possession of the house. The security also depends on the relation between the rack rent and the ground rent. A fair ground rent is about one-fifth of the rack rent—the ground rent is then said to be five times secured. Where the land value is very high, e.g. in the City and some parts of the West End, the ground rent might be a much larger proportion, and would still be considered as a very good security. In ordinary house property a ground rent

• 3 times secured would be valued on the 5 per cent rate

4	"	"	"	"	"	4½	"	"
5	"	"	"	"	"	4	"	"
6	"	"	"	"	"	3½	"	"
7	"	"	"	"	"	3½	"	"

In valuing a lease where ground rents are concerned, the value to the reversion of the rack rents is almost nil when the term of the lease has, say, another 60–70 years to run, for the average investor would not live that period and he would only consider it from the point of view of benefiting his immediate descendants. Further, the present value of a capital sum obtainable 60 years hence is extremely small, as will be shown by the following illustrations—

(a) What is the freehold value of a house let on a lease with 70 years unexpired at a ground rent of £10 per annum, the net rental value of the house being £60 per annum?

	£	£
Annual income for 60 years (ground rent)	10	
Value of lease 70 years unexpired on 4 per cent table (Y.P.)	23.4	234
Reversionary interest (i.e. deferred interests) to rack rent, annual rent minus repairs, etc., say	£60	
Present value of the reversion of a perpetuity after 70 years at 6 per cent (Y.P.)	= .282	
		17
Total value, say,		£250

(b) Income from ground rent	£	
Value in perpetuity, ignoring the reversion to the rack rent at 4 per cent (Y.P.)	10	
	25	
Capital value		£250

The capital value of the income of £60 per annum at 6 per cent is $£60 \times 16.6 = £996$; the present value of this sum is, say, £17 ($£996 \times$ present value of £1 at 6 per cent, .01693). In other words, if £17 be deposited at a bank to-day at compound interest of 6 per

cent in 70 years hence it will accumulate to approximately £996. On *Inwood's Tables* (26th Edn.), p. 77, it is shown that if £1 per annum is invested every year for a century it will amount, with interest at 6 per cent, at the end of that term to £5,638.

Freehold buildings. (Shops and factories.) Shop properties are generally considered to be a good investment; the chief factors being their situation and structural condition. The rental value would be based on the income arising from the trade which could be done. Shopping or market centres, except in certain well-favoured districts, possess the habit of changing, and rents fluctuate according to the local waves of prosperity. If the premises are old it might be worth while to rebuild them, but this would depend on the situation and value of the site. In the case of an old shop in the Strand, London, the site would sell at such a figure as would recoup the purchaser the trouble of demolishing the old building and letting the cleared site on a building lease.

Factories are valuable investments if situated in industrial centres where special facilities exist for the economic carrying on of the particular trade. The works of a shipbuilding or steel constructional firm in the South of England would not possess the same advantages regarding ore, coal, and other raw materials as similar buildings located on the banks of the Tyne, Tees, or the Clyde. In the same way a building suitable for the manufacture of boots and shoes in Norwich, Leicester, or Hackney would be more in demand than the same class of building situated in the midst of an agricultural community where skilled operatives are non-existent. No fixed rates of purchase are suggested, as every case must manifestly depend on its merits, but where the manufactory is well equipped with modern plant, admirably situated, etc., then the 6 per cent tables should be the basis of calculation. Otherwise, unless the site possesses special facilities for the erection of a more profitable building, such as a cinema theatre, a higher rate should be selected. Manufacturers are naturally disinclined to take factories situated in districts where the local rates are abnormally high, and this condition, where maintained, has the tendency to drive out the established industrial community into lower rated areas, unless there are other special advantages to the contrary that must be taken into consideration in computing the rental value and its security in the future.

Rack rents. The determination of the rate per cent on valuing rack rents is more difficult. It depends on the suitability of the houses, whether they let well, the age and condition of the buildings, whether there is a tendency for property to rise or fall in the neighbourhood, e.g. if the property is fairly new and well let and similar to other older property in the neighbourhood, which has retained its letting value, the security may be considered as good. On the other hand, the property may be old, costly in management, or the building of undesirable factories near by may have depreciated it, and so on. An average percentage for freehold house property may be taken as 6 per cent. Where the property is good, 5 per cent

may be taken ; and where bad, 7 per cent and even a higher rate than this may be necessary.

All investments in land and house property are governed by the money market. The amount of floating or liquid capital existent in the country is not unlimited.

INCIDENTS OF FREEHOLD VALUATIONS.

The term " freehold " may be used either to denote the quality of an estate or to denote the tenure by which the land is held. A freehold estate is an estate which is not limited to expire within a certain time, and may consist of—

(a) Fee simple, i.e. an estate limited to a man or his heirs, which is the greatest possible ownership in land, subject to the overlordship of the Crown.

(b) Fee tail, i.e. an estate limited to a man and the heirs of his body.

(c) Life estate, either for the life of the tenant or any other definite period of uncertain duration.

As regards tenure, " freehold " means that the land is held free of all services, such as the payment of rent to any superior lord, nominally it is held direct from the Crown and subject to the holder's allegiance thereto, and if the freeholder dies intestate without heirs, his land reverts to the Crown. In ordinary daily practice it means that the freeholder is free to do what he likes with his land subject only to his observance of the laws of the realm.

The development of land means that additional revenue can be derived from the expenditure of capital thereon by the erection of houses, in return for rents obtained from the use of the houses by other persons, i.e. tenants. The rent is dependent upon the amount expended on the buildings, and the ordinary use of valuation is for the purpose of determining the capital value of the property, e.g. a plot of land costs, say, £200 to acquire, and a building is erected thereon costing, say, £1,000. The owner requires, say, 5 per cent, as his rate of interest on his outlay, and charges therefore a rental of £60 on a lease with the tenant paying all the incidental outgoings, such as repairs, rates, etc. The valuer, finding the rent to be £60, and for the moment ignoring the possibility of increasing the rent owing to the situation of the premises or the demand for private residences, would capitalize this figure as follows—

	Net income	£ 60
Rate of interest 5 per cent = $\frac{5}{100}$ = years purchase (Y.P.) = 20		
	Capital value	<u>£1200</u>

Site. Is it regular in shape, open to the air and light, or is it cramped, irregular in shape, and therefore expensive to develop fully, and overlooked by high buildings which have obtained an

easement to light over the site in question. A valuer needs to know the principles of the law of easements, otherwise he may find that a property he has valued will be depreciated when the adjoining owners exercise the right they may have acquired by prescription, e.g. a right of light in excess of their natural right which they have thus obtained by an uninterrupted user for a definite number of years.

The site may be low and subject to periodical flooding, or it may stand on high ground with a south-westerly aspect (warm and light) and commanding extensive views over the neighbouring country. If in a town it may be well situated in the centre, close to the railway station and other amenities. Every advantage which the site possesses increases its value.

The premises. The construction of the buildings, substantial or the reverse, must be considered; experience is very desirable, but most persons can determine whether a house is sound and durable or is badly built.

The condition of the drainage system may be discovered from the local authority, as also outstanding road charges.

Special attention should be paid to the walls, roofs, floors, doors, windows, etc. Prospective value must be thought of—this means that not only is the present rent likely to be maintained, but can it be advanced, if a private house could it be turned into a shop or a cinema?

Repairs and maintenance. To estimate the net income, allowances must be made for various outgoings for repairs, etc., which vary with the type of building which is being valued.

	<i>Percentage on Rentals.</i>
First class houses or offices	5 to 10 per cent
Second class houses or offices	7½ „ 15 „
Third class houses or offices	10 „ 20 „
Cottages	10 „ 25 „
First class warehouses or factories	7½ „ 15 „
Second class warehouses or factories (liable to vibration from machinery)	12 „ 20 „
Public offices	5 „ 10 „

Insurance. 1s. 6d., 2s. 6d., to 5s. per cent, according to risk.

Collection of rents. 7½ per cent for small tenements, 2½ and 5 per cent otherwise.

Loss of rent. 2½ to 10 per cent—risks of this sort are now very small, as tenants are unable to remove and poor tenants are in a better economic condition.

Where inclusive rentals are paid, the rates and taxes must be deducted, but the tenant is liable for all increase of rates above the 1914 standard whilst the Increase of Rent, etc., Act remains in operation.

Where the property is occupied by the landlord and there are no existing similar premises for which a rent is paid by which to compare, ascertain the cubic contents of the building, i.e. the

frontage, depth, and height; these measurements multiplied together give the cubic capacity (in feet). Then ascertain the cost of construction at per foot cube, which, plus the value of the site, gives a reliable foundation for the valuation.

The prices of building per cubic foot are now about as follows—

	<i>Per Foot Cube.</i>			
	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
Well built houses, shops, offices	2	—	to 2	8
Second class houses, shops, offices, and city warehouses	1	6	„	2 —
Villas, small shops, plainly built warehouses or factories	1	4	„	1 8
Cheaply constructed houses and cottages	1	—	„	1 4
Churches, town halls, and similar public buildings	1	6	„	2 10
Workhouses, barracks, prisons, hospitals, etc.	1	4	„	2 —

TABLE OF YEARS' PURCHASE.

	<i>Fr. hold.</i>	<i>Leasehold.</i>
Agricultural land	20	—
Good freeholds (City or West End or country estates)	20	—
Good shops (central) let on lease	20	18
Good shops (suburban) let on lease	18	16
Small suburban shops	15-16	14
Good suburban properties	18	12
Houses on 3 years' agreements	16½	14-15
Houses let yearly	16½	14-15
Houses, monthly or weekly	14-16	12-14
Freehold ground rents well secured	20	—
Unsecured ground rents, building land	14-16	—
Factories for investment	15	12-14
Factories as going concern in hands of manufacturing owners	16½	16½

Examples of freehold valuation.

1. What is the freehold value of a field of 10 acres which, owing to its proximity to a manufacturing town, is suitable for letting to a tennis club at a rental of £20 per acre—the club to lay out and maintain the courts?

This being what is called accommodation land, i.e. not yet ripe as a building site, the rate of interest will be 4 per cent.

Valuation.

Annual income, 10 acres at £20 per acre	£ 200
Value in perpetuity at 4 per cent (years purchase)	25
Total value	<u>£5,000</u>

2. For the purpose of providing a recreation ground the local

urban district council are endeavouring to acquire 20 acres of freehold land in the vicinity of their town, which is now let for grazing purposes at £5 per acre per annum. The owner points out, and expert opinion confirms, that this land will readily sell in 10 years' time at £500 per acre for a building scheme. What sum should the owner claim from the council?

Valuation.

20 acres now let at £5 per acre, annual income	£	100
Value 10 years at 4 per cent (years' purchase)		8.11
Total	£	811

Reversionary value.

20 acres will sell at £500 per acre	£	10,000	£
Deferred 10 years at 4 per cent (Present value of £1 at 4 per cent <i>Inwood's</i> , p. 70, 26th Edn.) . . . . .		.67556	
		<hr/>	6,756
Total value			<u>£7,567</u>

or, say, £380 per acre.

3. Value four small freehold cottages, the standard rent being 5s. per week, inclusive of all outgoings. The cottages are rated at £8 each; the local rates in August, 1914, were 8s. in the £ per annum. Water rate, 5 per cent. The land tax, which is unredeemed, is 10s. per annum, and the average outgoings for repairs, collection, and insurance is 25 per cent of the gross rents. The tenants are paying the increased charges as prescribed by the Increase of Rent, etc., Acts.

	£	s.	d.	£	s.	d.
Gross rents				52	0	—
Deductions—						
Rates, 8s. in the £ on £8 r.v.	12	16	—			
Water rate, 5 per cent on £8 r.v.	1	12	—			
Repairs, collection, insurance, etc. 25 per cent	13	—	—			
Land tax		10	—			
		<hr/>		27	18	—
Net income per annum	£	24	2			
In perpetuity at 6 per cent (Y.P.)					16	6
Capital value, say,	£	400	—			

4. Value a freehold building site in a road in an outer London manufacturing centre which is not made up or taken over as a public highway. The site has a frontage of 120 ft. and a depth of 500 ft.; the road will shortly be "made up" at an estimated cost of £2 per foot frontage. There is also an easement to light over the

back of the property which prevents building up to the full extent of the land; this, it is presumed will reduce the letting value of any building which may be erected on the site by £30 per annum.

To arrive at the rental value per square foot (usually square yard outside the London area) the comparative or local prices should be taken. For the purposes of illustration in this instance a rent of 1d. per square foot per annum is assumed.

Area of site, 120 ft. \times 500 ft. = 60,000 sq. ft. at 1d. per ft.	£250
Deduct rental value of building depreciated by an easement to light	30
	<hr/> £220
Capitalized on 5 per cent basis (Y.P.)	20
	<hr/> £4,400
Deduct roadmaking charges, 120 ft. at £2 per ft. run	240
	<hr/> £4,160
Value of site	<hr/> <hr/>

5. An old freehold dwelling situated in the business centre of Birmingham, is extremely dilapidated and on the point of falling down. It was last occupied by a quarterly tenant at £50 per annum.

The building occupies a site of 30 ft. frontage with a depth of 150 ft., on one side is a bank and on the other a modern shop, the remainder of the street is composed of well-built recently-erected and prosperous shops. A well-known multiple shop firm are negotiating with the owners of the old building in question with the object of acquiring the freehold. What sum should be asked? It is only the site value that is to be considered, as the building, by the process of time and improvement of the neighbourhood, can only be regarded as an encumbrance.

<i>Valuation.</i>	£
Area of site, 30 ft. \times 150 ft. = 4,500 sq. ft. Rental value, say, 6d. per sq. ft.	112
Capitalized at 4 per cent, as land is in much demand in the locality (Y.P.)	25
	<hr/> £2,800
¹ Add value of materials salvaged from the old building, say . .	50
	<hr/>
Total value	£2,850

¹ It is usual to deduct the cost of demolition, but in this instance the old building contained a large quantity of good stock bricks and other valuable residuals which more than compensated for the builder's charges.

6. In 1920 a builder leased a plot of land for 99 years at a ground rent of £120, he built 30 houses at a cost of £25,000. At what economic rent should he let them on yearly tenancies, presuming that only a peppercorn ground rent will be payable until houses are let.

Capital expended £25,000 at 6 per cent	£ 1,500
Add ground rent	120
Add repairs, maintenance, etc., say, 25 per cent	375
Total rent	<u>£1,995</u>

Say, £2,000 for the 30 houses = Rent per house, £66 per annum.

7. The occupying owner of a freehold building has applied to his bankers for the loan of £2,000, depositing the deeds of the building in question as security. The bank require a valuation to be made with the view of ascertaining the present value of the premises, being prepared to lend up to two-thirds of the total value.

The following are the details as to site, etc.—

The site 30 ft. frontage by 60 ft. depth, and the current annual rental value per square foot is 4d.

The building is 30 ft. in width, 40 ft. in height, and 50 ft. in depth, and cost 10d. per foot cube to erect in 1910—the repairs and maintenance for 1920 cost the owner £30 10s.

Valuation.

Rental value of site, i.e. ground rent, 1,800 sq. ft. at 4d. per square foot	£ 30
Value in perpetuity at 4 per cent (Y.P.)	25
Site value	£750

Building, 30 ft. × 40 ft. × 50 ft. = 60,000 cu. ft., estimated cost, of erecting a similar building, say, 10d. per cubic foot 2,500

Total value £3,250

Alternative Method.

The comparative rental value of similar adjoining shops show a letting value of £5 10s. per foot frontage.

30 ft. frontage × £5 10s.	£ 165
Value in perpetuity at 5 per cent (Y.P.)	20
	<u>£3,300</u>

The bank could therefore be advised that they could safely advance the sum required.

8. What is the fee simple value of a shop in an outer London suburb let on a yearly agreement at £200? The owner pays the following outgoings: land tax, £2 10s.; insurance, £1 10s.; repairs, estimated at 20 per cent. Cost of collection and management at 2½ per cent.

	£	s.	d.	£
Annual rental				200
Deductions—				
Land tax	2	10	—	
Insurance	1	10	—	
Repairs at 20 per cent	40	—	—	
Collection, etc., at 2½ per cent	5	—	—	
				<hr/> 49
Net annual income				£151
Capitalized on 5 per cent basis—				
Years' Purchase = $\frac{100}{5}$				20
Freehold or fee simple value				<hr/> £3,020 <hr/>

9. Value freehold premises possessing a frontage of 30 ft. to a main street near the centre of a provincial town which it is estimated will readily let at a rental of £6 10s. per foot frontage per annum. Owner's estimated outgoings £30 10s. per annum.

	£	s.	d.
Annual rental, 30 ft. at £6 10s. per foot	195	—	—
Deduct owner's outgoings	30	10	—
Net annual income	£164	10	—
Value in perpetuity at 5 per cent (Y.P.)	20	—	—
Total value	£3,290	—	—

10. What is the value of a freehold block of flats, in good repair, situated in the North-Western district of London? The flats are contained in one building of six floors inclusive of basement, with two flats on each floor. The porter resides on the premises and there is also an attendant to a passenger lift. The staircases are carpeted, cleaned, and lighted by the owner, who also maintains a small garden. The total rent on three years' agreements amount to £1,700. Rates, taxes, and water equal 40 per cent of the gross rents.

Total rents	£	1,700
Less cost of services, porter and lift attendant, maintenance of lift, carpets, staircase lighting, gardener and plants (say, 45 per cent)		765
Gross rent	£	935
Deduct outgoings—	£	
Rates, taxes and water (40 per cent)	374	
Repairs (15 per cent)	140	
Management (5 per cent)	46	
Insurance (1s. 6d. per cent) (or replacement cost of building, say £12,000)	9	
	569 say	570
Net income	£	365
Value of perpetuity at 6 per cent (years' purchase)		16.6
Total value	£	6,059

11. A freehold farm which consists of 254 acres is let at a rental of £315—the tenant is to keep the farmhouse and outbuildings in repair, but the landlord supplies the material therefor. The tenant pays the rates and taxes and also underlets the shooting at £18 per annum. The landlord has promised to sink a new well at a cost of £150, and, moreover, has also agreed to rebuild a dilapidated stable and dairy in 1924 at an estimated cost of £600. What is the value of the freeholder's interest?

Rental value	£	315
Deduct—	£	
Materials for repairs at 5 per cent	16	
Insurance (say)	4	
	20	
Net income	£	295
Value of perpetuity at 5 per cent (years' purchase)		20
	£	5,900
Deduct—		
Cost of constructing well	150	
Cost of rebuilding stable and dairy in 1924 (£600 deferred one year at 5 per cent) = £600 × .952 = (say)	570	
	720	
Present value of freeholder's interest	£	5,180

12. Gross annual income from three freehold houses which are let to weekly tenants produces £75. The local rates are 12s. in the £—the aggregate rateable value being £40. What is the value assuming the owner requires 6 per cent on capital?

	£	s.	d.
Rental value	75	-	-
Deduct outgoings—	£	s.	d.
Local rates at 12s. in the £ on r.v. £40	24	-	-
Water rate at 5 per cent	2	0	-
Repairs, say, 15 per cent	11	5	-
Empties, say, 5 per cent	3	15	-
Management, say, 5 per cent	3	15	-
Insurance at 1s. 6d. per cent on, say £1,000	15	-	-
	<hr/>	45	10 -
Net income	£29	10	-
6 per cent years' purchase for perpetuity		16	67
Total value	<hr/>	£492	- -

Inhabited house duty is not charged on houses of annual value of £19 or under.

LEASEHOLD INTERESTS.

A leasehold interest (that is, the interest of the lessee) has no capital value where the lessee is paying the full annual value as rent. Thus, if a man takes a house on a 42 years' lease at £200, and this is the full annual letting value, nobody would pay him any consideration for the lease. Suppose, however, that he builds a garage and makes other improvements of a structural character, or that, owing to the development of the neighbourhood, the rental value after a few years becomes £300, then the residue of the lease becomes valuable, and another tenant might be found willing to take an under lease at £500 per annum, or buy the lease and pay the £200 per annum rent, the difference between the head rent of £200 and the rent of £300 being called the "profit rental." In the same way an owner of land may let it for building purposes on a 99 years' lease at a ground rent. If the lessee builds, he can at any time dispose of his interest, the value being the capitalized value of the rack rent, less the ground rent and any other outgoings.

In valuing leasehold interests, find the net annual income of the lessee and multiply it by the years' purchase given in the tables. The rate per cent is generally about 1 per cent more than in the case of freehold property of the same description, but this must only be taken as a rough guide. Thus in some cases, e.g. small cottages in a district where the demand is great, it may be found that leaseholds are bought to give practically the same rate of interest as

freeholds, whilst in London short leases of small properties may require the 7 or 8 per cent, or even higher table.

When a property is said to be *held*, it will generally be the leaseholder's interest which is to be valued, and when it is said to be *let* the freeholder's interest.

Valuation tables. In calculating the value of leasehold interests to capitalize the net annual income for a definite term of years, tables are published which comprise the following—

- (a) Tables for purchasing leases, estates, or annuities or other terminable interests.
- (b) Tables for ascertaining the present value of the reversion of a perpetuity after any given term.
- (c) Tables of compound interest.
- (d) Tables of the present value of the reversion of a perpetuity.
- (e) Sinking funds for the repayment of loans.
- (f) Mortality tables for valuing life interests.
- (g) Logarithms for use in compiling tables.

Where a leasehold interest is concerned, first determine the rate of interest required, assuming the purchase money paid is £1,000 and the term of the lease is 40 years, the annual net income required in the form of rent is therefore 6 per cent, i.e. £60 plus the amount which must be invested annually in the form of a sinking fund in order that the original capital is restored at the end of the term. (In practice, few persons create these sinking funds.) The tables for purchasing leases at 6 per cent at 40 years give the figures as 15·046—divide the £1,000 by this, which gives £66 9s. per annum—subtract from this the rate of interest which can be spent, i.e. £60, leaves £6 6s. to be invested annually at 6 per cent for 40 years.

Another illustration—

To obtain £1,000 in 40 years refer to the sinking fund tables, the multiplicand is ·006462.

		£	s.	d.	
£1,000 × ·006462	=	6	9	-	per annum
£1,000 at 6 per cent	=	60	-	-	
Annual income		£66	9	-	

Where it is required to capitalize the net income and the net annual income is found to be £66 9s., and the rate of interest on which the purchase is based being 6 per cent, refer to the tables for purchasing leases, etc., at 6 per cent for 40 years, the multiplicand is found to be as above, i.e. 15·046.

Net income		£	s.	d.	
" 40 years at 6 per cent Y.P.	=	66	9	-	
(years' purchase)		15·046			

Value of lease		£1,000	-	-
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The tables are calculated on the compound interest basis, and the years' purchase means in effect the number of years in which it will take to realize the expended capital.

The following formulae will be useful in the event of not having tables at hand—

Call rate per cent = p .

$r = £1 + \text{the interest on } £1 \text{ for 1 year.}$

$n = \text{the number of years of the lease.}$

Then Y (or years' purchase) equals

$$Y = \frac{100}{p} \frac{(r^n - 1)}{r^n}$$

For example, find the value of an annuity of £1 per annum for 12 years at 5 per cent.

$$\frac{100}{p} = 20$$

$$r = 1.05$$

$$n = 12$$

$$\log 1.05^{12} = 0.0211893 \times 12 = 0.254271$$

$$1.05^{12} = 1.79586$$

$$1.05^{12} - 1 = 0.79586$$

$$\log 1.05^{12} - 1 = 1.900837$$

$$\log 20 = 1.301030$$

$$\log 20 \times (1.05^{12} - 1) = 1.201867$$

$$\log 1.05^{12} = 0.254272$$

$$\log 20 \times (1.05^{12} - 1) \div (1.05^{12}) = 0.947595$$

0.947595 is the log of 8.863, which is the years' purchase given in the tables.

In making practical valuations, reference must always be made to all the documents involved for the purpose of ascertaining whether there are any exceptional restrictions or other obligations which are said to run with the land, i.e. operate against every successive purchaser—a covenant in the head or original lease from the ground landlord not to use a building erected as a private residence for any other purpose, such as an institution or manufactory, will

continue to operate unless the freehold agrees to waive the restriction. Covenants which are said to run with the land, although not expressly contained in the lease, are, so far as the tenant is affected—

- (1) The obligation to pay rent.
- (2) The obligation to keep the premises in repair.

The landlord on his part is bound to give peaceful possession to the tenant.

PRACTICAL POINTS TO BE OBSERVED IN VALUING HOUSES.

In valuing for rating purposes it is essential to examine thoroughly the houses concerned, for it is often found that, while from the road front a row of houses look all alike, some have no back additions, and, therefore, less rooms than the others.

Where the premises are held on a rent, it must be considered whether the rental value will endure throughout the unexpired term of the lease or whether from economic causes the neighbourhood is changing; it may, of course, be found that residential properties in a main street can in a few years be converted into shops at higher rentals, or, if it is now shop property, whether it will decline as a trading centre.

Examples.

1. Valuation of leasehold premises let at the yearly rent of £150, held under a lease for an unexpired term of 30 years at a ground rent of £15 per annum.

Annual rent				£	150.
Deductions—				£	s. d.
Ground rent	15	—	—		
Tithe		15	—		
Land tax		1	10	—	
Insurance (1s. 6d. per cent on £3,000)	2	5	—		
Repairs, say, 15 per cent	22	10	—		
					42
Net income				£	108
Lease for 30 years at 6 per cent (Y.P.)					13.76
Value of lease					£1,486

If there is a large amount to be spent immediately for dilapidations, etc., this must be deducted from the capital value.

2. What is the value of a house, in somewhat bad repair, held

under a lease for 21 years unexpired, at a ground rent of £10 per annum, the net annual value being £50?

Annual value (net)	£
Deduct ground rent	50
	10
Net annual income	£40
21 years on 6 per cent table (Y.P.)	11.76
	£470
Allow for immediate repairs	70
	<u>£400</u>

Illustrations of Leasehold Valuations.

1. A corner shop in a large industrial town is held on a lease with 35 years unexpired and subject to a ground rent of £15 per annum. The occupier holds on an ordinary occupation repairing lease for the full term of the lease less one day, at a fixed rental of £100 per annum.

Annual income	£
Deduct ground rent	100
	15
Net income	£85
Value of the unexpired terms of the lease, 35 years on 6 per cent tables (Y.P.)	14.5
(Inwood's, p. 76, 26th Edition)	
Total	<u>£1,232</u>

2. Assuming that the above premises were purchased at £1,232, what sum should be set aside and invested annually at 6 per cent so that he may provide a sinking fund whereby his capital may be renewed at the end of the lease, and what amount per annum will he have for his own personal use?

Net income per annum	£
Deduct interest at 6 per cent on £1,232	85
	74
Amount to be invested annually at 6 per cent for sinking fund	<u>£11</u>

(Inwood's, 26th Edn., p. 114, Sinking Fund Tables, £1,232 \times .008974 = £11.056.)

3. Fifteen houses, in excellent structural and decorative condition, are held on one lease with 50 years unexpired at a ground rent of

£5 each house, and are let to yearly tenants at £30 each. The tenants pay all the rates and taxes, but the owner does the repairs. What is the present value of the property to the lessee?

Gross annual income	£	450
Deductions—		
Ground rent	£	75
Repairs, management, and insurance, say 25 per cent	112	
	<u>187</u>	
Net annual income		263
Value of unexpired term of 50 years at 6 per cent (Y.P.)		15.76
Present value	£	<u>4,145</u>

4. Ground rents amounting to £120 per annum are secured on a row of houses whose total rentals approximate £650 net. The lease has 75 years to run. What is the value of the ground rent?

Ground rents	£	120
As the security is exceedingly good, the 4 per cent table may be employed. 75 years at 4 per cent (Y.P.)		23.68
Total value	£	<u>2,842</u>

5. What is the value of a row of houses producing a net rental of £650, and held on a 75 years' lease at a ground rent of £120 (i.e. the same property as above)?

Net annual rental	£	650
Deduct ground rent	120	
Net income	£	530
Value of unexpired term of lease of 75 years at 6 per cent (Y.P.)		16.46
Value	£	<u>8,723</u>

6. What also would be the reversionary value of this property, i.e. the value to the freeholder when the lease of 75 years had expired?

Net annual income	£	650
Value in perpetuity at 5 per cent (Y.P.)		20
	£	<u>13,000</u>
Deferred 75 years at 5 per cent.		
(Present value of £1 in 75 years, <i>Inwood's</i> , 26th Edn., p. 75 = .02575)	£13,000 × .02575	= £335

This last example shows that the reversionary value to long term leases can be ignored. In ordinary life few persons are so interested in their posterity as would care to invest £335 in order that their great grandchildren might realize £13,000, 75 years hence.

Premiums. A premium paid in connection with the acquisition of leasehold premises is merely rent in advance and is the capitalized value of a certain portion of the rent. A is the owner of a large factory. B representing a newly established business, which may or may not be successful, wishes to arrange with A for a lease of 21 years at a rental of £2,000 per annum, but in view of the possibility of the business being a failure resulting in the factory becoming empty, A insists on a lease at a rental of £1,000, the remaining £1,000 to be capitalized and paid in advance. The latter sum would be the premium.

The same position arises when a man has a lease with some years unexpired, the annual value being increased during his term, he may assign his lease—then, instead of paying the full rental value, the assignee gives the original lessee the value of his profit rental and pays the old rent.

1. Example A has a house worth £300 per annum on lease, he requires a premium of £1,000. To what sum must the rent on a 21 years' lease be reduced?

Premium, £1,000.	
Y.P., 21 years on 6 per cent table =	11.764
Annual equivalent of premium =	$\frac{£1,000}{11.764} = £85$
Annual rental value =	£300
Reduced rent =	£215

The converse of the question would be, A rents a house at £215 per annum; he paid a premium of £1,000 for a 21 years' lease—at what rent does he sit? The answer is £300.

2. What is the value of a lease having 25 years unexpired of a shop held at a rental of £40, but which is let on a yearly tenancy of £75, it being considered that this rent will be maintained.

Rent on yearly tenancy	£75
Allow for repairs, empties, etc., say, 17½ per cent	13
Deduct head rent	40
	— 53
Profit rental	22
25 years on 7 per cent table (Y.P.)	11.65
Value of lease	£256

Where a lessee erects an addition to the original building during the term of his lease, and so improves the rental value, it could be dealt with as above; for instance, supposing his head rent is £40,

and he puts up a back addition to the premises at a cost of £700, as this is a permanent building and is unaffected by the term of the lease, inasmuch as it passes to the freeholder at the expiration of the lease, the percentage to be used should be 5 per cent. (£700 at 5 per cent = £35.).

Rent under lease	£	40
Rental value of new building	£	35
Improved rent	£	75

At what rent does a tenant "sit"? This means what rent does he himself stand at, having regard to the term of the lease, so if he expends the sum of £700 on a new building in the first year of his tenancy; the amount of rent plus the annual sinking fund, to recoup him his outlay by the time he surrenders the property will be 5 per cent at, $\frac{700}{14.0} = £50$. Of this sum £35 is rent and the balance of £15 is to be invested annually at 5 per cent to obtain a return of the expended capital in 25 years.

Deferred interests. A deferred interest is an interest the income from which is not enjoyed at present but will be at some future time on the expiration of some other interest. An example will best show the method adopted in valuing. Required the value of an income £100 per annum at 5 per cent in perpetuity deferred for ten years, this will be equal to £100 per annum in perpetuity less 10 years.

Net income per annum	£	100
Value in perpetuity at 5 per cent (Y.P.)		20

	2,000
Deferred 10 years at 5 per cent (present value of £1 in 10 years at 5 per cent)	61391
	£1,228

<i>Alternative Method—</i>	
Net income per annum	£ 100
Value in perpetuity at 5 per cent (Y.P.)	20.00
Deduct 10 years at 5 per cent (Y.P.)	7.72
	<hr/> 12.28
	<hr/> £1,228

Extend this to the case of an ordinary freehold where a ground rent is being received. Find value of house worth £250 per annum, of which there is a lease 10 years unexpired at ground rent of £30.

Here there are two incomes to value, i.e. £30 for 10 years and £250 in perpetuity deferred 10 years.

	£	£
First 10 years' annual income	30	
Y.P., 10 years at $3\frac{1}{2}$ per cent table	8.317	
	<hr/>	249.5
Reversion after 10 years, annual income	250	
Y.P., perpetuity at 5 per cent	20	
Y.P. 10 years at 5 per cent	7.72	
	<hr/>	12.28
		<hr/>
		3,070
		<hr/>
		<u>£3,319</u>

In valuing deferred interests, care must be taken to use the same rate per cent throughout. *Inwood* gives tables for income in perpetuity deferred 1, 2, etc., years, but they are obtained as above. Later, some cases are given of deferred interests less than perpetuity, and it will then be necessary to work out as shown.

In valuing reversions when deferred over 60 years, the ground rent can generally be taken as a perpetuity—work out ground rent for 65 years at £10 with reversion to rent of £60, and it will be seen that it is practically the same as ground rent of £10 in perpetuity. This does not apply where the reversionary income is very many times the ground rent.

1. What is the years' purchase at 4 per cent at which to value an income receivable in perpetuity, but commencing 20 years hence?

Y.P. in perpetuity	20.00
Deduct Y.P. for 20 years	12.46
	<hr/>
Y.P. for reversionary interest	7.54

2. What is the years' purchase, at 6 per cent, at which to value an income receivable for a period of 20 years, but commencing 20 years hence?

Y.P. for 40 years	15.046
Deduct Y.P. for 20 years	11.470
	<hr/>
Y.P. for reversionary interest	3.576

Note particularly that in all cases the two numbers of years purchase that are used for finding the deferred interest must be taken at the same rate per cent.

Figures at one rate per cent must never be deducted from figures at another rate per cent.

3. What is the value of a reversion to a freehold house worth £100 per annum net, in perpetuity after 20 years on the 5 per cent table?

Net annual value	£ 100
Y.P. for perpetuity, less 20 years at 5 per cent (20 - 12.46)	7.54
Value	<u>£754</u>

4. What is the value of a freehold ground rent of £10 per annum, with reversion to net rents of £100 per annum in perpetuity, after 20 years?

In this case the landlord's interest consists of an income of £10 a year for 20 years, after which time he will receive £100 a year out of the property, as a rent in perpetuity *instead* of the ground rent.

Ground rent (per annum)	£ 10	£
Y.P., 20 years at 4 per cent	13.59	
	<u>136</u>	
Reversion to (per annum)	100	
Y.P. perpetuity, less 20 years at 5 per cent (20 - 12.46)	7.54	
	<u>754</u>	
Value		<u>£890</u>

The valuation of ground rents with reversion to rack rents is about the simplest form of valuation of combined present and deferred interest that can be given. In few cases must the reversion be valued if it is deferred for over 60 years, but that in such cases the ground rent must be valued in perpetuity. The reason for this is that the reversionary interest is so remote, its uncertainty so great, and its value so small, that it is undesirable to consider it. The freeholder's interest is in perpetuity, and does not cease when the ground rent ceases. This is otherwise in the case of a leaseholder, for when his lease comes to an end he has nothing, so, if his interest is for 95 years, it must be valued for that period and not for longer.

Leasehold reversions. Although the lessee's interest ceases when his lease comes to an end, there are cases found where he sublets for a part of his term, and has a reversion for a few years to a valuable rack rent.

5. A is the leaseholder of a house which he holds for an unexpired term of 40 years, at a ground rent of £5 per annum. He has let the house to B on a repairing lease at a rent of £30 per annum for a term having 15 years unexpired.

The full net rental of the house is £150 per annum. Value A's interest.

A's income will for the first 15 years consist of a leasehold rent of £30 per annum, out of which he will have to pay the freehold ground rent of £5 per annum. For the remaining 25 years A will

receive £150 per annum as a net rent, out of which he will have to pay the freehold ground rent of £5 per annum as before.

Leasehold rent	£	30	£
Deduct ground rent		5	
		<hr/>	
Net income	£25		
Y.P., 15 years at 6 per cent	9.712		
	<hr/>		242
Reversion for 25 years after 15 years to	150		
Deduct ground rent	5		
	<hr/>		
Net income	£145		
Y.P. for 40 years at 6 per cent	15.046		
Y.P. for 15 years at 6 per cent	9.712		
	<hr/>		
Y.P. for reversion	5.334		
	<hr/>	5.33	
		<hr/>	773
Value of A's interest			£1,015

Reversions to varying incomes. The foregoing examples have dealt with reversions to fixed annual incomes, either in perpetuity or for a definite period of years. Cases will now be considered where the future income will vary from time to time, owing to future changes in the annual value of the property.

When business premises are let, and especially where a business has not become fully established in connection with them, it often occurs that the rent will increase during the lease at fixed intervals, and in such cases it may be assumed that the highest rent named may be taken as the rent in perpetuity.

6. A newly-erected shop in a good business position is let on lease for a term of 21 years at a rent of £100 per annum for the first 7 years of the term, and a rent of £150 per annum for the last 14 years of the term. What is the value of the landlord's interest?

The landlord will receive £100 for 7 years, and £150 for 14 years after 7 years. When the lease is expired he can expect £150 per annum in perpetuity.

First 7 years—rent per annum	£	100	£
Y.P. for 7 years at 5 per cent		5.786	
		<hr/>	579
Remainder in perpetuity after 7 years to	£150		
Y.P. for perpetuity less Y.P. for 7 years at 5 per cent (20 - 5.786)		14.214	
		<hr/>	2,132
Value of landlord's interest			£2,711

7. What is the value of a piece of land at present let for agricultural purposes and producing a net income of £4 per annum, which in 6 years will let as accommodation land at £12 per annum, and which after a further period of 4 years may be considered ripe for building purposes, and worth a ground rent of £50 per annum? First 6 years, agricultural land—

Income (per annum)	£4	£
Y.P. for 6 years at 4 per cent	5.24	
	—	20.96
Next 4 years, accommodation land—		
Income (per annum)	12	
Y.P. for 10 years, deferred, 6 years at 4 per cent		
(8.11 - 5.24)	2.87	
	—	34.44
Remainder, building land—		
Income (per annum)	50	
Y.P. for perpetuity, deferred 10 years at		
5 per cent (20 - 7.72)	12.28	
	—	614
		£669.4
Value—£670.		

Renewal of leases. The valuer is usually faced with many difficulties in negotiating the renewal of a lease where the original term has expired or is expiring. If acting on the owner's behalf, he has to consider to what extent the rental value of the premises concerned has improved in value, if the lease was for 21 years it is obvious that generally a considerable increase has accrued, it may be by the development of the neighbouring properties, improvements made by the local authorities by street widenings, or by any other means. He must also see if the lessee has made any structural alterations to the buildings; if so, he is entitled to take the constructive value thereof and increase the old rent by at least 5 per cent on such cost. Whatever improvements are made by the lessee, he must leave them behind on the termination of his tenure. This rule is based on the (law of fixtures) axiom, *Quicquid plantatur solo, solo cedit*, i.e. that which is affixed to the soil becomes part thereof. In practice this rule is not always rigidly enforced, otherwise an outgoing tenant would be compelled to leave behind him all his flowers and shrubs (if planted in the ground and not in pots).

The valuer must also concern himself as to the reputation of the lessee and his class of business (if shops or manufactories are implicated), because the industry may be a new one and, consequently, uncertain of continued success, in this case the valuer would suggest a premium, say, of 5 years' rent in advance, if the term required was 21 years, reducing the improved rental by the annual equivalent of the premium. Supposing, however, the tenant who is meditating making some structural improvements or for any other reason requires

to feel that his tenure is more secure, he will then apply for a renewal of his lease, it may be for the same period as before, or possibly a longer term. The principle to be adopted in this case is that, after arriving at the rental value as formerly indicated, the lessee must be given credit for the unexpired term of the lease which he is surrendering.

When a tenant has been occupying premises on lease for a considerable time he often desires to renew his lease when it comes to an end, or to surrender his old lease during its currency, and to take a new lease instead. The difference between these two cases is, that the new lease commences at once, and its term may be entirely different from that of the old one, but the extended term of a lease does not begin until the original lease would have ended, and the covenants, etc., of the extended lease will be the same as for the period originally granted, except so far as they are expressly varied.

The reasons for extending a lease are, as a rule, that the tenant is satisfied with the premises he holds and desires to stay on longer, but where he occupies business premises, and there is a goodwill attached, he often extends for the purpose of rendering his business more secure, and of making his goodwill more valuable should he wish to sell it. The reason for taking a new lease during the currency of an old one is often that the tenant wishes to add or alter the premises and, as he is put to expense he requires a longer time to get back his outlay out of his business profits than he would have under his existing lease. Suppose, for instance, that a tenant has 10 years of his lease unexpired and wishes to spend £1,000 upon the erection of additional warehouses, it would not pay him to do so, as his lease is so short, so he asks for a new lease for, perhaps, 55 years or more, and makes a bargain with the landlord as to the terms upon which he can take it.

Now, whenever a lease is granted or renewed, it is evident that the landlord will have to wait longer for his reversion, and if that reversion is a valuable one, the landlord must be compensated for the loss he will suffer by waiting. The compensation may take either the form of a premium or increased rent.

In the case of the extension of the lease of a private house let at a rack rent, where circumstances have not altered since the lease was granted, there is no value in the landlord's reversion, so no reason for an increased rent.

1. A man has a lease, with 10 years unexpired of a property at the rent of £70 per annum, the letting value on lease at present being £105. He wishes to surrender this lease in consideration of a new lease for 42 years. What is a fair rent for the new term?

Improved rental	£	105
Rent paid		70
Profit rental		35
10 years on 6 per cent table (Y.P.)		7.36
Capital value of profit rental surrendered		257.6

Value of profit rental spread over 42 years $\frac{257.6}{15.22}$ Y.P. ; £17

Rental for new term should be £105 less £17 = £88 per annum.

The same results can be arrived at another way—

Rent for first 10 years	£70	£
10 years on 6 per cent tables (Y.P.)	7.36	
	<hr/>	515
Rent for next 32 years	105	
Y.P. 42 years at 6 per cent	15.22	
Deduct Y.P. 10 years at 6 per cent	7.36	
	<hr/>	7.86
		<hr/>
		825

Capital value of lease		£1,340
Y.P., 42 years at 6 per cent = 15.22		<hr/>
Rental for term of 42 years	$\frac{1340}{15.22}$	= £88
		<hr/>

If in the last example the new lease is at the same rent, viz. £70, what premium should be paid? The income to be valued here is £35 per annum for 32 years deferred 10 years.

Annual income		£35
42 years on 6 per cent table (Y.P.)	15.22	
10 years on 6 per cent table (Y.P.)	7.36	
	<hr/>	7.86

Premium to be paid . . . £275

2. A suburban house is let on full repairing lease for 21 years at a rent of £100 per annum, and 20 years of the lease have expired. The property in the neighbourhood has gone down in value, but the tenant desires to extend his lease for a further period of 7 years. What extra rent should he pay?

Answer. He should pay no extra rent. His proposal to extend his lease is a most excellent one for the landlord, who could not expect to obtain so high a rent from a new tenant, and would probably be at a heavy expense in bringing the house up to modern requirements. In the case of a lease of a shop where a good business is attached the position would be different.

3. A tenant took a lease of a private house and grounds for 21 years at a rent of £300 a year. Ten years of the lease have expired. The property has not altered in value since it was let. The tenant wishes to spend £1,200 on additions to the premises, but requires a 40 years lease on the old terms. What premium should the landlord ask?

Answer. The landlord's reversion under the present lease is valueless as far as the increase in income goes. He will not lose

by the reversion being delayed ; in fact, he will gain because after the additions have been made by the lessee the rental value will be greater, than before. The landlord should grant the lease without premium.*

4. A shop in a main London thoroughfare is worth £200 per annum to a tenant who holds on a repairing lease. The tenant has an unexpired term of 5 years at a rent of £120 per annum. He wishes to surrender his present lease and take a new one for 21 years. What rent should he pay ?

In all cases of this kind, first find the *premium* which it is worth the tenant's while to pay, and then convert this into an equivalent rent.

As a general principle, the years' purchase in dealing with a premium can be taken at 6 per cent, which is a fair rate of interest for a *lessee* to get on his money, the *lessor* getting the compensating benefit of a *security*, by payment of premium, for the payment of the rent *throughout the lease*.

It will be clear that he should pay more rent under the new lease, as he is delaying the landlord's reversion to the profit rental of £80 per annum by 16 years.

Full value (per annum)	£
Deduct rent paid	200
	120
Profit rental (per annum)	80
Y.P., 21 years less 5 years at 6 per cent (11.76 - 4.21)	7.55
Capital value of extension	£604

The lessee is not paying this in one sum, but in the form of increased rent, therefore convert it into an annual equivalent—

604	604	
Y.P., 21 years at 6 per cent	11.76	= £51 per annum.
Present rent	£	120
Increase		51
New rent		£171 per annum

5. A tenant took a piece of land on a building lease for 99 years (79 of which have expired), at a rental of £10 per annum. The premises now on the land let for £80 per annum, net, but the tenant desires to take a new lease for 80 years from the present time and spend £5,000 upon buildings. What terms should the landlord ask (a) as a premium ; (b) as a rent ?

(a) *Premium*. The proposed expenditure of £5,000 can be ignored, as the lessor's reversion to the increased rental due to it

is so long deferred. *It is assumed that the ground rent under the new lease will remain the same, and the premium to be paid will therefore be the capital value of the 60 years extension of term.*

Full net value of reversion (per annum)	£ 80
Y.P. 80 years, less 20 years at 6 per cent (16.51 - 11.47)	5.04
Premium	£403

(b) *Rent.* If the premium is to be paid as additional rent, it can be at once converted to an annual equivalent—

Premium—	£	s.	d.
Y.P., 80 years at 6 per cent = $\frac{403}{16.51}$	=	25	— per annum
Present ground rent			
Add equivalent of premium			
New rent	£35	—	— per annum

6. A tenant took an 80 years' lease of land and buildings at £100 per annum. He erected buildings at a cost of £4,000. The lease has only 10 years to run, and the tenant proposes to surrender it and to take a new lease for 35 years on condition that he spends a further £4,000 on buildings.

What rent should the landlord ask for the new lease?

It may be assumed the buildings remain worth their cost price, unless some particulars are given as to the amount of depreciation. The annual rental value to a landlord of an outlay on new buildings or additions *can be taken as 5 or 6 per cent on the outlay.* The present rent may be regarded as constant, and the increase of rent may be taken as the annual equivalent of the difference, if any, in the value of the reversions after 10 years and 35 years respectively.

Reversion to 6 per cent per annum on £4,000	£ 240 per annum
Y.P. in perpetuity, less Y.P. for 10 years at 6 per cent (16.66 - 7.36)	9.30
	2,232
Value of landlord's reversion on proposed basis—	
Reversion to 6 per cent on £8,000	£ 480 per annum
Y.P. in perpetuity - Y.P. 35 years at 6 per cent (16.66 - 14.5)	2.16
	1,037
Difference in value	£1,195

£1,195 spread over 35 years at 6 per cent = $\frac{1195}{14.5} = \text{£}82$ per annum

The present rent is

The increase of rent is

The rent to be asked for new lease is £182 per annum

Miscellaneous examples.

1. At what rent does a man "sit" who gave £1,000 for the unexpired term of 25 years of the lease of a house, the ground rent being £10; he has, moreover, built an extra room at a cost of £180, 3 years after he bought the lease?

£1,000 has to be spread over the term of 25 years at 6 per cent.

The years' purchase is 12.78, and the capital expenditure or premium divided by the Y.P. will supply the annual equivalent,

i.e. $\frac{1000}{12.78} = (\text{say}) 78$

Expenditure of £180 constructing extra room in third year of the lease. Y.P. for 22 years at 6 per cent = 12.04

i.e. $\frac{180}{12.04} = (\text{say}) 15$

Add ground rent 10

Sitting rent (without repairs) £103

The "sitting" rent bears no comparison with the actual rack rent of the premises concerned. For example, a man buys the freehold of a house with vacant possession, and pays the sum of £1,200 therefor. At 5 per cent he sits at a rent of £60 per annum, but in reality the house will, in normal times, only let at £40 per annum.

2. At what rent does the tenant of a public-house "sit" who pays a rent of £150 per annum and who paid a premium of £900 for a 21 years' lease 3 years ago?

Head rent paid under the lease £150

Premium of £900 spread over a term of 21 years at 6 per cent, .

Y.P. 11.76 = $\frac{900}{11.76} 76$

. Sitting rent, £226

3. At what rent does a man now "sit" who takes a lease of a factory for 21 years at a rent of £500 per annum, and who pays a premium of £1,500. After 7 years the local authority compels him to completely re-drain the premises, which costs him £600.

Head rent	£	500
Premium of £1,500 spread over the term of 21 years at 6 per cent. Y.P. 11.76 = $\frac{1500}{11.76}$		127
Cost of re-draining premises, £600. Y.P. for 14 years at 6 per cent = $9.29 = \frac{600}{9.29}$ (say)		
Sitting rent (say)		

The rental value of the above premises is only £627, as the lessee has not increased the rental value by his re-draining operation; in fact, he has only maintained it. Had he, however, added an additional floor to the factory and so enlarged the working space, the rental value would be increased by 5 per cent on the cost.

4. A prudent man, who has paid £470 for the lease of a house with 21 years unexpired, requires advice as to the annual amount of rent he is to charge a tenant, so that he can obtain 6 per cent on his outlay, and also provide a sinking fund at the same rate of interest, in order that he may be recouped at the end of the lease.

Years' purchase at 6 per cent for 21 years = 11.76	£	
$\frac{470}{11.76}$ = (say)		40 per annum
Annual amount to be invested		12 per annum
Annual amount available for own use		<u>£28 per annum</u>

5. What is the value of an improved ground rent of £75 having 75 years to run, secured on five shops let on lease at rents amounting to £350 per annum, the head ground rent being £25 per annum?

Improved ground rents	£	75
Deduct head ground rent		<u>25</u>
Net income		£50
Value of lease, 75 years unexpired at, say, 5 per cent		
Y.P.		19.48
Total		<u>£974</u>

6. A man who has received a legacy of £370 decides to invest this amount in a government security at 4 per cent, in order to provide himself with a "nest egg" in addition to his superannuation allowance on his retirement in 30 years' time, when he will have reached the age of 65 years. Assuming the rate of interest is 4 per cent, and that he re-invests the interest annually, what sum will he ultimately receive?

Inwood, 26th Edn., p. 70.

£1 invested for 30 years at 4 per cent = 3.24340.

$$3.24340 \times £370 = \underline{£1,200}$$

7. Find the rate of interest at which £100 must be invested in order that it may double itself in approximately a period of 12 years.

See *Inwood*, 26th Edn., p. 76.

£1 invested at 6 per cent in 12 years accumulates to 2.01220.

$$2.01220 \times £100 = £210.$$

8. An owner of three freehold cottages is desirous of selling them, he is willing to accept a 6 per cent basis. The gross rentals are £75 per annum, and the local rates and water rate are 8s. in the £. What sum would you advise him to accept?

	£	s.	d.	£	s.	d.
Gross rental value				75	-	-
Less outgoings (estimated rateable value say, £42)—						
Rate at 8s. in the £	16	16	-			
Repairs, say, 20 per cent	15	-	-			
Empties, management, and insurance, say, 10 per cent	7	10	-			
				<hr/>	39	6 -
Net income					35	14 -
6 per cent. Y.P. for perpetuity						16.67
Total value, say, £590 to					<hr/>	<hr/>
					£600	-

APPENDIX III

SOME RECENT LEADING CASES

Notice to occupiers. A supplemental valuation list prepared by overseers omitted residential houses which were rated at £16 or under. The appellant, the occupier of business premises included in the list, appealed against the rate on the ground that the list was unfair and incorrect by reason of the omission of the residential houses rated at £16 or under, and tendered evidence to show that there had been an increase in the value of residential property in the parish. The Court of Quarter Sessions held that the evidence was not admissible on the ground that the appellant had not given the notice to occupiers prescribed by s. 6 of the Poor Rate Act, 1801. It was held that, as the appellant was not contesting the rating of his own hereditament as compared with that of any other hereditament in the parish, but was contending that the whole scheme of the valuation list was bad, notice under s. 6 of the Act of 1801 was unnecessary, and that the evidence tendered should therefore have been admitted. (*Hunter v. Swindon*, 1922, 2 K.B. 630.)

Contractor's principle. Iron works which had been valued for the purpose of assessment in 1901, were first completely revalued in 1922 on the contractor's principle—the ground, railways, buildings, furnaces, and machinery being taken at what the assessor considered to be their capital value at the time, taking into account their actual condition and capability for present use, the cost of erection being taken as it would have been in 1914. The percentages ultimately fixed by the valuation committee in order to arrive at the annual valuation included 7 per cent for buildings and $7\frac{1}{2}$ per cent for furnaces, together with an abatement of 25 per cent on the whole on account of the abnormal depression in the iron trade, which, in the committee's opinion, was likely to continue for a considerable time to come. The owners claimed that they were entitled to more liberal allowances, both as to percentages and abatement, in respect that their industry was in a worse position than steel works, where greater allowances had been made, and they gave evidence to support their contention. It was held that the valuation committee, in fixing the percentages and abatement, was exercising a discretion and that the Court would not interfere with that discretion unless it could be shown that the committee had misunderstood or misapplied the principles of valuation, or that their award could not be justified on the facts, and the valuation was affirmed, per Lord Hunter, "The re-lining of a blast furnace was in the nature of a landlord's renewal and not of a tenant's repair." (*Merry v. Lanarkshire Assessor*, 1923, 60 Sc. L.R. 305.)

Blast furnaces. A blast furnace plant for smelting pig iron consisted of eight blast furnaces, with the land, railway, sidings, etc., necessary for working the plant, and formed one undertaking. Each furnace consisted of an outer casing of sheet iron lined with fire bricks, which lining burnt out every three years, and a period of from 6 to 12 months then elapsed before the burnt-out furnace could be restored to use. Therefore, the whole eight furnaces forming the plant were never in use at one time. The practice of the overseers, as parish rating authority, had been to treat each blast furnace as a separate rateable hereditament and, in the valuation list, to assess only those furnaces which were in use, and levy no poor rate, or a rate at a reduced valuation, upon those furnaces which had been drawn and were out of use. It was held that, for the purposes of the county rate and county rate basis, the true rateable hereditament was not the individual blast furnace, whether in full use at the moment or not, but the aggregate plant, which must be treated as a whole, including the furnaces out of blast, all of which were in more or less beneficial occupation and rateable. The eight furnaces constituted one hereditament, and the county rating authority were not bound by the valuation of the union assessment committee. (*Consett v. Durham*, 1922, 87 J.P. 1.)

Rent of warehouse. A body of trustees, children of the trustor (i.e. testator), leased to two of their number a warehouse in which he had carried on his business at a rent which was fixed by a neutral valuer. In the matter of the lease, the lessees were excluded by the will from acting as trustees. The valuation committee held that the lease was *bona fide*, but fixed the rent at a higher figure than the rent in the lease, on the ground of (a) the relationship between the parties, (b) the proved inadequacy of the rent. It was held that the fact that they thought that a higher rent might have been got, coupled with the fact of the relationship between the lessors and the lessees, was not a ground for setting aside a *bona fide* lease, and the valuation at the stipulated rent was restored. (*Rae's Trustees v. Dundee Assessor*, 1923, 60 Sc. L.P. 313.)

Drainage board. The appellant was a ratepayer within the urban district of St. Ives, which formed part of the area of the respondent drainage board. The rating committee of the respondents on 29th June, 1922, passed a resolution for the making of a rate for administrative and general expenses. On 17th August, 1922, the council of the borough of St. Ives (acting as the council of the urban district which had become co-terminus with the borough) undertook to contribute to the expenses of execution and maintenance of the respondents' work in virtue of s. 5 of the Land Drainage Act, 1918. This undertaking was duly sanctioned by the Ministry of Health. On 26th October, 1922, the respondents affixed their seal to the rate appealed against. No notice of the making of the rate was sent to the appellant or any other ratepayer. On 8th December, 1922, the appellant received a demand note dated 5th October, 1922, for payment of the amount assessed on him. It was held that the power

of a local authority to undertake to contribute to the expenses of the respondent drainage board extends only to expenses of the execution and maintenance of drainage works and not to administrative and general expenses, and does not relieve the individual ratepayer from liability to pay a rate made by the drainage board for the latter expenses. It was also held that the resolution of the respondents did not amount to the making of a rate, which (whether sealing was or was not necessary) was not made until it was entered in the rate book at the earliest. And that as the rate in question was not a tax in gross, s. 2 of the Sewers Act, 1841 (which provides that every occupier shall have 10 days' notice at the least of any apportionment for a general sewers rate) had no application to it, and the absence of notice to the ratepayers did not invalidate it. (*Wheeler v. Ouse Drainage Board*, 1923, 39 T.L.R. 535.)

Mines. (*Cessation of work of mine owing to industrial causes.*) Two tin mines were held under leases reserving dues, and were assessed for rating purposes under s. 7 of the Rating Act, 1874 (which provides rules for ascertaining the assessment of tin mines). In 1921, owing to economic conditions, work for the extraction of ore ceased entirely, and, owing to a breakdown of the pumping machinery, part of one mine became flooded and was abandoned. In these circumstances the lessees claimed that they were not rateable under s. 7 of the Act of 1874 (*ante*), but that the ordinary principles of rating applied, and that the mines ought to be rated merely as a storehouse for the machinery and plant, or at least to be subject to a reduction of the gross and net annual value by reason of the partial abandonment. It was held that s. 7 of the Act of 1874 (*ante*) applied without qualification, since the hereditaments had not ceased to exist as mines. The question of lordship is immaterial and the owners cannot claim that their mines should be assessed on the ordinary principles of rating at their value as a storehouse for the machinery and plant stored therein. No reduction can be made in respect of partial abandonment, and to take the case out of s. 7 it must be shown that the mines had ceased to exist or had become so far exhausted that profit was at an end. (*East Pool and Agar v. Redruth Assess. Com.*, 1923, 39 T.L.R. 448.)

Waterworks. The appellants, who were occupiers of a rateable hereditament in the respondents' district, had statutory power to raise revenue by means of precepts directed to the local authorities within the metropolitan area, to make up deficiencies in the water fund constituted under the Metropolitan Water Act, 1902. The revenue of that fund, excluding revenue from precepts, was, at all material times, sufficient to meet the ordinary expenditure of the appellants. In addition to their ordinary expenditure, the appellants paid various capital charges; interest on loans, and sinking fund contributions, and to meet these expenses they resorted to their statutory power of issuing precepts. In assessing the appellants' hereditament on a basis of the balance of revenue over expenditure, the respondents included as part of the revenue of the appellants the amount levied by precepts, but did not include

the capital charges or any part thereof in the appellants' expenditure. It was held that, since the appellants were necessarily in the position of both landlord and tenant, as clear a line as possible must be drawn between the liabilities of the landlord and those of the hypothetical tenant; and, further, that as the revenue from precepts had been applied exclusively to landlord's charges, it ought not to be included as part of the appellants' revenue in arriving at the rateable value. (*Metropolitan Water Board v. St. Marylebone*, 1923, 1 K.B. 86.)

Increase of Rent Act, 1920. A teacher occupied a house under the education authority in virtue of his office as schoolmaster prior to the passing of the Education (Scotland) Act, 1919, rent free, and subsequent thereto under deduction from his salary of the annual value as appearing in the valuation roll, the education authority paying the rates. The valuation of the house had previously stood at £12 10s., and it was raised by the assessor to £30. The teacher claimed that under the Increase of Rent, etc., Act, 1920, £12 10s. represented the standard rent of the house of which he was occupier in terms of that Act, and that inasmuch as by this Act no increase thereon beyond 40 per cent was permitted, the maximum valuation which could be put upon the house was £17 10s. It was held that the teacher's occupancy of the house was not under a contract of tenancy, but under a contract of service under the Education Authority, and that the Act of 1920 was therefore not applicable; that unless it were shown that the valuation committee had altered the valuation in the absence of evidence, or that they had erred in connection with some principle of valuation, their decision ought not to be interfered with, and the valuation was sustained. (*Pollock v. Inverness-shire Assessor*, 1923, 80 Sc. L.R. 310.)

Distress for rates. An interesting and learned judgment on the law relating to distress for rates was recently given by McCardie, J., in *McCreagh v. Cox*, 1923, 39 T.L.R. 484. The plaintiff in this case deliberately refused to pay his poor rates and a warrant of distress was duly issued, signed, and sealed by two justices. It commanded the constables and peace officers to make distress of the goods and chattels of the plaintiff for the purpose of recovering the sum due for rates, and further directed them that if such sum was not paid within five days after distress the goods should be sold. Accordingly the plaintiff's goods were seized and five days later were sold. Amongst the goods and chattels seized were two horses and a wagon which at the time of seizure were actually employed by the plaintiff in harvesting. The plaintiff alleged that the defendant was debarred by statute from seizing and selling the horses.

It was held that the protection afforded by the Act of Henry III, Stat. 4, in respect of "beasts that gain the land" is limited to the common law right of distress by a landlord for rent, and does not apply to a distress for poor rate which is purely statutory and founded on the Poor Relief Act, 1601, and like Acts of Parliament following it, which give not only the right to distrain for poor rate, but the right to sell, and contain no exemption of "beasts that

gain the land," following *Hutchins v. Chambers* (1758, 1 Burr. 579), in which it was held that beasts of the plough are distrainable for poor rates. 51 Henry III, Stat. 4 (which is probably 28 Edw. I, Stat. 3, c. 12), provides that "no man of religion nor other shall be distrained by his beasts, that gain his land . . . but until they can find another distress or chattels sufficient whereof they may levy the debt or that is sufficient for the demand," i.e. beasts of the plough may not be distrained upon if there is other sufficient distress on the premises at the time. (*Yenner v. Yolland*, 1818, 6 Price 3.)

In the present case the judge found as a fact that at the time of distress there was other sufficient distress (apart from the horses) to satisfy the amount demanded under the warrant. It was suggested that the statute has no application to the enforcement of a statutory liability and is limited to distress by a landlord for rent.

The liability for poor rates is purely statutory, and although a vast body of statute law exists, none of them affect the broad features of the Poor Relief Act, 1601, s. 2—"And it shall be lawful as well for the present as subsequent churchwardens and overseers or any of them by warrant from any two such justices of peace as is aforesaid to levy as well the said sums of money and all arrearages of everyone that shall refuse to contribute according as they shall be assessed by distress and sale of the offender's goods"—which Act is the foundation of the whole poor-law system.

A landlord's right to distrain for rent springs from the common law, but a right to distrain for rates springs from statute alone. At common law, a landlord had no right to sell the goods he seized on distraint until 2 Wm. & Mary, c. 5.

In the case of poor rates, s. 2 of the Act of 1601 (*ante*), gave the right to distrain, and also the right to sell. It fixed no time within which the sale was to take place, which is left to the justices, who usually fix five days. If a rate is not paid it is recoverable not only by distress but also by imprisonment. The imprisonment is of a punitive nature, and a married woman, if liable to the rate, may be imprisoned, and thus the common law liability of a married woman (which is limited to her separate property and has no personal liability) has no application, since her liability is provided by the Distress for Rates Act, 1849. (*In re Allen*, 1894, 10 T.L.R. 647.)

When a person is summoned for non-payment of rates, the justices cannot go into the question whether there has been a tender before proceedings of the whole or any part of the amount due. (*R. v. Gillespie*, 1904, 20 T.L.R. 113.)

The statute Henry III does not apply to the statutory proceeding to enforce a poor rate, since the poor law code is complete in itself.

Distress Warrant. On the hearing of a complaint in respect of the non-payment of rates, the justices have no jurisdiction to refuse to issue a distress warrant on the ground that the supplemental valuation list on which the rate was based is invalid. (*Shillito v. Hinchcliffe*, 1922, 2 K.B. 236.)

APPENDIX IV

SCHEDULE A AND INHABITED HOUSE DUTY.

TREASURY concessions regarding the re-assessment of property outside the metropolitan area announced by the Financial Secretary of the Treasury in the House of Commons, 18th June, 1923—

So far as the Income Tax Schedule A is concerned there are two classes of case which raise somewhat different issues: the case of the property which is let at a rack rent and the case of the property which is occupied by the owner.

In the first class of case the object of the law is to charge the *owner* of the property with income tax upon the amount of the rent which he receives, after *due allowance* for the expenses he incurs in repairing and maintaining the property.

For this reason, where a property is let at a rack rent fixed within seven years on an ordinary tenancy, the gross assessment is, under the law, the same as the amount of the rent; from this gross assessment there is deducted in normal cases a flat-rate allowance for repairs and income tax is charged upon the net assessment remaining after this deduction. Although the income tax so charged is in most cases payable in the first instance by the tenant, the tenant is entitled to deduct the tax he has paid on paying his rent to the landlord, who is the person who ultimately bears the tax.

If the landlord has incurred (on a five years' average) a greater amount of expenditure on repairs and maintenance than the amount represented by the flat-rate repairs allowance, he is entitled to claim repayment from the Government. In this way it will result in the long run that under the new re-assessment the owners of rack-rented properties will bear income tax on the *net income which they enjoy from the property, and nothing more.*

Occupancy by owner. The case of the property occupied by the owner is different in some respects. In this case no rack rent is paid and the necessity for the re-assessment arises from the fact that the Income Tax Acts require that the owner-occupier should bear income tax upon the presumptive income which the property would produce if it were let from year to year. The reason for this will be apparent. If this principle were abandoned it would follow that persons who live in a property which they own would enjoy a preferential position in relation to income tax as compared with other persons who invest their capital in some other way and rent a house. Owner-occupiers are, of course, entitled to the same allowances for repairs as the owner of let property.

It would, however, be unfair for the purpose of this re-assessment, to estimate the present rental value of a house occupied by the

owner from the very high prices which have been paid in recent times for the purchase outright of a house to live in. Indeed, the Inland Revenue authorities have given instructions to their officers that this criterion should not be adopted. The best indication in the great majority of cases is afforded by the actual rents which are in fact being paid for similar houses in the vicinity, and regard will be paid to this criterion where it is available, as is commonly the case.

Owner-occupiers frequently overlook the rents which are being paid for other similar properties and often at the outset are disposed to object to their assessments through a failure to appreciate the present-day letting values of their houses. But the common experience is that on the proper criterion being brought to their notice their objections are withdrawn.

Rule of thumb method. The suggestion which has been made that a wholesale rule of thumb method has been adopted of adding a certain fixed percentage to the pre-war assessment of houses occupied by the owner is without foundation. If it is proved in any particular case that the increase over the pre-war assessment is not borne out by the actual rents paid for similar houses in the vicinity, or by other relevant evidence, the assessment will at once be rectified.

Assessing authorities. At this stage reference may be made to an impression which has gained some currency to the effect that there has, in the course of the past two years or so, been an assumption by the Board of Inland Revenue of duties and powers which the Income Tax Acts attribute to the various bodies of income tax commissioners.

This impression must be due to a complete misapprehension, not only as to what has actually occurred, but also as to the relevant statutory position.

For the purposes of new assessments to Income Tax Schedule A it devolves upon the local income tax commissioners to appoint in the first instance assessors, whose duty it is to obtain the necessary returns of rents and annual values from the taxpayers and to enter in the assessment books their estimates of the annual values of the properties.

When this has been done the law imposes, as it has always imposed upon the inspectors of taxes, the express duty of seeing that all properties assessable have been duly included in the assessment, and of correcting, as may be necessary, the individual assessments of annual values as estimated by the assessors.

The next stage is the formal signing and allowance of the assessments by the commissioners as a preliminary to the issue of notice thereof.

Any taxpayer who is dissatisfied with the new assessment upon his property, whether he is a tenant or an owner-occupier, should, in accordance with the law, address his notice of objection in the first instance to the inspector of taxes for the district. Inspectors of taxes have been instructed to give taxpayers all possible help and information, and will be glad to examine all complaints and to endeavour to reach a fair agreement or to remove any doubts or

misunderstandings in the taxpayer's mind, without troubling him to appear personally on appeal before the General Commissioners of Income Tax in his district.

Right of appeal. In any case in which agreement cannot be reached in this way the *taxpayer's right of appeal to the commissioners remains, of course, unaffected*, and where he desires to adopt this course (with or without the assistance of an agent) the procedure will be made as simple and easy as possible. The inspector of taxes will furnish the clerk to the commissioners with the names and addresses of all persons who wish to make a personal appeal, and they will be notified by the clerk in due course as to the dates and places of the appeal meetings.

The names of the clerks to the various bodies of commissioners appear upon the general notices which have already been affixed to the church doors or in other public places, and the name and full address of the clerk will, of course, be given to each individual appellant on the notice intimating the time and place appointed for the hearing of his appeal.

It will be the duty of the commissioners to take evidence on both sides as to value in order that they may arrive at a fair and impartial decision, and their decision on questions of value is final and binding both upon the Crown and the taxpayer.

The Government have inserted special legislation in the Finance Bill—

1. To extend until 31st August next the time within which appeals may be lodged against the new assessments of annual value and to grant to any *owner* who has not received a notice of assessment the right to claim an adjustment at any time up to 5th April, 1925.

2. To enable the appellant to enlist the services of *any agent he chooses*; and

3. To give a statutory right to a reduction of the assessment in the event of the rent or value falling in any subsequent year for which the present re-assessment may be continued in force.

The present flat-rate allowances for repairs are as follows—

• Houses of annual value not exceeding £20, one-quarter of the value.

Houses of annual value exceeding £20 but not exceeding £40, one-fifth of the value.

Houses of annual value over £40, one-sixth of the value.

In order to meet the anxieties of taxpayers as to the abnormal cost of repairs it is proposed that for the present the scale should be amended as follows—

On all houses of annual value not exceeding £40, one-quarter of annual value.

On all houses exceeding £40 but not exceeding £100, one-fifth the annual value.

On all houses exceeding £100, £20, together with one-sixth of the annual value above £100.

Relief for repairs. Apart from these flat-rate allowances relief

from tax can, of course, be claimed by the owner on any excess of the cost of repairs and maintenance (on a five-years average) over these allowances. Moreover, from the net income thus arrived at the owner is entitled to receive any of the personal allowances and deductions to which he may be entitled under the Income Tax Acts.

The Inhabited House Duty as well as the Income Tax Schedule A will be based upon the newly assessed values of houses. But the Government propose to amend the Inhabited House Duty with a view to granting to taxpayers a substantial relief. The present scale of duty in respect of dwelling houses is as follows—

Houses of an annual value under £20, nil.

Houses of an annual value between £20 and £40, 3d. in the £.

Houses of an annual value between £40 and £60, 6d. in the £.

Houses of an annual value over £60, 9d. in the £.

The Government propose to amend the scale as follows—

Houses of an annual value under £30, exempt.

Houses of an annual value between £30 and £60, 3d. in the £.

Houses of an annual value between £60 and £90, 6d. in the £.

Houses of an annual value over £90, 9d. in the £.

The corresponding scale of annual value to which the lower rates of 2d., 4d., and 6d. in the £ for shops, hotels, etc., apply will be modified in the same way.

This will afford entire exemption in a vast number of cases, and in many other cases any increase in the charge of the duty which would result from the adoption of the new assessment will either wholly or largely be neutralized.

The Finance Act, 1923, s. 15, provides—

The enactments relating to inhabited house duty shall have effect as if for the references therein to annual values of, exceeding, or not exceeding, as the case may be, the several amounts specified in the first column of the following table then were substituted references to annual values of, exceeding, or not exceeding, as the case may be, the several amounts respectively, specified in the second column of the said table.

TABLE.

<i>Existing</i> <i>Annual Values.</i>				<i>Substituted</i> <i>Annual Values.</i>
1.	.	.	£20	£30
2.	.	.	£40	£60
3.	.	.	£60	£90

25. Paragraph (a) of subsec. (3) of s. 137 of the Income Tax Act, 1918 (*ante*, p. 181), shall be read and construed as if for the word "may" wherever the same occurs therein were substituted the word "shall" and as if for the words "or may" there were substituted the words "and shall."

26.—(1) Where by virtue of any enactment the annual value of any property which has been adopted for the purpose either of income tax under Schedule A, or of income tax under Schedule B, or of inhabited house duty for any year is to be taken as the annual

value of that property for the same purpose for any subsequent year, any occupier of any property, or any owner or other person in receipt of the rent of any property, who is aggrieved by the amount so to be taken as the annual value of the property shall be entitled to appeal to the General Commissioners against an assessment to income tax under Schedule A or under Schedule B, or to inhabited house duty in respect of that property for that subsequent year, and the General Commissioners shall hear and determine the appeal and confirm or amend the assessment, as the case may require, in the same manner as if the annual value of the property so to be taken were the annual value determined for that subsequent year, in accordance with the provisions of the Income Tax Acts or of the Acts relating to inhabited house duty, as the case may be.

(2) On any appeal against an assessment of annual value for the purposes of income tax under Schedule A or of inhabited house duty, or against an assessment to income tax under Schedule A, or under Schedule B, or to inhabited house duty, the General Commissioners shall permit any agent appointed by the appellant to plead before them on his behalf.

27.—(1) Without prejudice to any right of appeal under the Income Tax Acts or the Acts relating to inhabited house duty, any person aggrieved by the amount of the annual value of any property assessed under s. 32 of the Finance Act, 1922, shall be entitled to appeal to the General Commissioners against the assessment of annual value if he gives to the surveyor notice in writing of his intention to appeal, not later than the 31st day of August, 1923, or where the notice of assessment was not given before the 1st day of July, 1923, not later than the 30th day of September, 1923.

(2) Any occupier of any property or any owner or other person in receipt of the rent of any property, although not the occupier thereof, who is aggrieved by the amount of the annual value of the property assessed under s. 32 of the Finance Act, 1922, shall be entitled, if a notification of the value so assessed was not delivered to him, to appeal against an assessment to income tax under Schedule A or to inhabited house duty in respect of that property for the year 1923-24, if he gives to the surveyor not later than the 5th day of April, 1925, notice in writing of his intention to appeal, and on any such appeal the Commissioners may confirm or amend the assessment as the case may require, and the provisions of the Income Tax Acts relating to appeals against assessments to income tax under Schedule A, and the relevant provisions of the Acts relating to inhabited house duty shall, with any necessary modifications, apply respectively to appeals under this subsection: Provided that nothing in this subsection shall affect the collection or recovery of any tax or duty assessed and charged, and where any assessment is reduced on an appeal under this subsection, any tax or duty overpaid shall be repaid.

Section 28 amends the law as to allowance for repairs, and s. 30 extends the time to six years within which claims for repayment may be made. (Schedule A.)

Agricultural Rates Act, 1923. 1.—(1) During the continuance of this Act, s. 1 of the Agricultural Rates Act, 1896 (hereinafter in this Act referred to as "the principal Act"), which provides that an occupier of agricultural land in England shall, in the case of every rate to which that Act applies, be liable to pay one-half only of the rate in the pound payable in respect of buildings and other hereditaments, shall have effect as if for the references in that section to "one-half" there were substituted references to "one-quarter": Provided that, notwithstanding any provision contained in any other enactment for assessing agricultural land to any rate at less than the rateable value thereof or otherwise giving relief in respect of any rate, to occupiers of agricultural land, an occupier of agricultural land shall not, as compared with an occupier of buildings or other hereditaments, pay any rate in a less proportion than one-quarter.

(2) Where under any local Act passed, or any Provisional Order confirmed by Parliament before the end of the present Session of Parliament, a rate to which the principal Act applied has become consolidated with a rate to which that Act did not apply, s. 1 of that Act as amended by this section shall apply to the consolidated rate notwithstanding any provision contained in that Act or Order with respect to the proportion in which occupiers of agricultural land are to be liable to be assessed to or to pay that rate.

2. In respect of the deficiency which will arise by reason of the foregoing provisions of this Act in the produce of rates made by spending authorities, there shall (a) be paid in respect of every year during which this Act continues in force to the Local Taxation Account a sum (in this Act referred to as "the additional annual grant") of such an amount as is certified from time to time under the provisions of this Act; and (b) be issued from the Local Taxation Account to each spending authority such sum as is certified in manner aforesaid to represent the share for each half-year of that authority in the additional annual grant.

4. The provisions of any enactment contained in any Act other than this Act or the principal Act by virtue of which an occupier of land in England which is used as arable, meadow or pasture ground only is liable, as compared with an occupier of buildings, to be assessed to or to pay any rate in the proportion only of one-quarter, shall be extended so as to give, during the continuance of this Act, the same relief to occupiers of any land which is agricultural land within the meaning of the principal Act but is not land to which those provisions apply.

5. Where under s. 12 of the Agricultural Holdings Act, 1923, a demand in writing for an arbitration as to rent to be paid for the holding has been made and has been agreed to, the arbitrator, in determining what rent is properly payable in respect of the holding, shall not take into account any increase in the rental value which is due to the passing of this Act.

APPENDIX V

TABLES AND FORMS

TABLE I.—Table for Purchasing Leases.

Yrs.	Years' Purchase.						
	3%	4%	5%	6%	7%	8%	10%
1	0.97	0.96	0.95	0.94	0.93	0.93	0.91
2	1.91	1.89	1.86	1.83	1.81	1.78	1.74
3	2.83	2.78	2.72	2.67	2.62	2.58	2.49
4	3.72	3.63	3.55	3.47	3.39	3.31	3.17
5	4.58	4.45	4.33	4.21	4.10	3.99	3.75
6	5.42	5.24	5.08	4.92	4.77	4.62	4.36
7	6.23	6.00	5.79	5.58	5.39	5.21	4.87
8	7.02	6.73	6.46	6.21	5.97	5.75	5.34
9	7.79	7.44	7.11	6.80	6.52	6.25	5.76
10	8.53	8.11	7.72	7.36	7.02	6.71	6.14
12	9.95	9.39	8.86	8.38	7.94	7.54	6.81
14	11.30	10.56	9.90	9.30	8.75	8.24	7.37
16	12.56	11.65	10.84	10.11	9.45	8.85	7.82
18	13.75	12.66	11.69	10.83	10.06	9.37	8.20
20	14.88	13.59	12.46	11.47	10.59	9.82	8.51
22	15.94	14.45	13.16	12.04	11.06	10.20	8.77
24	16.94	15.25	13.80	12.55	11.47	10.53	8.99
26	17.88	15.98	14.38	13.00	11.83	10.81	9.16
28	18.76	16.66	14.90	13.41	12.14	11.05	9.31
30	19.60	17.29	15.37	13.77	12.41	11.26	9.43
32	20.39	17.87	15.80	14.08	12.65	11.43	9.53
34	21.13	18.41	16.19	14.37	12.85	11.59	9.61
36	21.83	18.91	16.55	14.62	13.04	11.72	9.68
38	22.49	19.37	16.87	14.85	13.19	11.83	9.73
40	23.12	19.79	17.16	15.05	13.33	11.93	9.78
42	23.70	20.19	17.42	15.23	13.45	12.01	9.82
44	24.25	20.55	17.66	15.38	13.56	12.08	9.85
46	24.78	20.89	17.88	15.52	13.65	12.14	9.83
48	25.27	21.20	18.08	15.65	13.73	12.19	9.90
50	25.73	21.48	18.26	15.76	13.80	12.23	9.92
55	26.77	22.11	18.63	15.99	13.94	12.32	9.95
60	27.68	22.62	18.93	16.16	14.04	12.38	9.97
65	28.45	23.05	19.16	16.29	14.10	12.42	9.98
70	29.12	23.40	19.34	16.39	14.16	12.44	9.99
75	29.70	23.68	19.49	16.46	14.20	12.46	9.99
80	30.20	23.92	19.60	16.51	14.22	12.47	10.00
85	30.63	24.11	19.68	16.55	14.24	12.48	10.00
90	31.00	24.27	19.75	16.58	14.25	12.49	10.00
95	31.32	24.40	19.81	16.60	14.26	12.49	10.00
Perp.	33.33	25.00	20.00	16.67	14.29	12.50	10.00

NOTE.—An estate producing £50 net rental per annum held for unexpired term of 32 years to pay 5 per cent, to find the value refer to number of years in table, and in 5 per cent column find 15.80, the number of years' purchase or value of £1 per annum which, multiplied by £50, gives £790 as the value.

To find the value of a freehold to pay 5 per cent. Refer to table on the last line (Perp.), which is for freehold, in the column under 5 per cent will be found 20.0, the number of years' purchase or value of £1 which, if multiplied by £30 (rental), will give £600.00 or £600, the value.

TABLE II

Scale for the Assessment of Weekly and Monthly Properties.

Weekly Rent.	Total Amount per Annum.	Rates at 6s. in £.		Rates at 6s. 6d. in £.		Rates at 7s. in £.		Rates at 10s. in £.		Rates at 11s. in £.		Rates at 12s. in £.	
		G.V.	R.V.	G.V.	R.V.	G.V.	R.V.	G.V.	R.V.	G.V.	R.V.	G.V.	R.V.
s. d.	£ s.	£	£	£	£	£	£	£	£	£	£	£	£
5 -	13 -	9	7	9	7	9	7	8	6	8	6	8	6
5 6	14 6	10	8	10	8	10	8	9	7	9	7	9	7
6 -	15 12	11	9	11	9	11	9	10	8	10	8	9	7
6 6	16 18	12	9	12	9	12	9	10	8	10	8	10	8
7 -	18 4	13	10	13	10	13	10	11	9	11	9	11	9
7 6	19 10	14	11	14	11	14	11	12	9	12	9	12	9
8 -	20 16	15	12	15	12	14	11	13	10	13	10	13	10
8 6	22 2	16	12	16	12	15	12	14	11	14	11	13	10
9 -	23 8	17	13	17	13	16	12	15	12	15	12	14	11
9 6	24 14	18	14	17	13	17	13	16	12	16	12	15	12
10 -	26 -	19	15	18	14	18	14	17	13	16	12	16	12
10 6	27 6	19	15	19	15	19	15	17	13	17	13	17	13
11 -	28 12	20	16	20	16	20	16	18	14	18	14	18	14
11 6	29 18	21	17	21	17	20	16	19	15	19	15	18	14
12 -	31 4	22	18	22	18	21	17	19	15	19	15	19	15
12 6	32 10	23	19	22	18	22	18	20	16	20	16	20	16
13 -	33 16	24	20	23	19	23	19	21	17	21	17	20	16
13 6	35 2	25	20	24	20	24	20	22	18	22	18	21	17
14 -	36 8	26	21	25	20	25	20	23	19	22	18	22	18
14 6	37 14	27	22	26	21	26	21	23	19	23	19	22	18
15 -	39 -	27	22	27	22	27	22	24	20	24	20	23	19
15 6	40 6	28	23	28	23	27	22	25	20	25	20	24	20
16 -	41 12	29	24	29	24	28	23	26	21	26	21	25	20
16 6	42 18	30	24	30	24	29	24	27	22	27	22	26	21
17 -	44 4	31	25	31	25	30	24	28	23	27	22	26	21
17 6	45 10	32	26	32	26	31	25	28	23	28	23	27	22
18 -	46 16	33	27	33	27	32	26	29	24	29	24	28	23
18 6	48 2	34	28	33	27	33	27	30	24	30	24	29	24
19 -	49 8	35	28	34	28	34	28	31	25	31	25	30	24
19 6	50 14	36	29	35	28	35	28	32	26	31	25	31	25
20 -	52 -	37	30	36	29	36	29	33	27	32	26	31	25

G.V. = gross value.

R.V. = rateable value.

TABLE III

Rateable Value Table.

Showing the *maximum* deduction to be made from the Gross Annual Value to obtain the Rateable Value.

Gross Value.	Rate of Deduction per cent.	Rateable Value.	Gross Value.	Rate of Deduction per cent.	Rateable Value.	Gross Value.	Rate of Deduction per cent.	Rateable Value.
£		£	£		£	£		£
4	25	3	47	14 $\frac{1}{2}$	40	90	16 $\frac{1}{2}$	75
5	20	4	48	16 $\frac{1}{2}$	40	91	16 $\frac{1}{2}$	76
6	16 $\frac{1}{2}$	5	49	16 $\frac{1}{2}$	41	92	16 $\frac{1}{2}$	77
7	14 $\frac{1}{2}$	6	50	16	42	93	16 $\frac{1}{2}$	78
8	25	6	51	15 $\frac{1}{2}$	43	94	15 $\frac{1}{2}$	79
9	22 $\frac{1}{2}$	7	52	15 $\frac{1}{2}$	44	95	15 $\frac{1}{2}$	80
10	20	8	53	15 $\frac{1}{2}$	45	96	16 $\frac{1}{2}$	80
11	18 $\frac{1}{2}$	9	54	16 $\frac{1}{2}$	45	97	16 $\frac{1}{2}$	81
12	25	9	55	16 $\frac{1}{2}$	46	98	16 $\frac{1}{2}$	82
13	23 $\frac{1}{2}$	10	56	16 $\frac{1}{2}$	47	99	16 $\frac{1}{2}$	83
14	21 $\frac{1}{2}$	11	57	15 $\frac{1}{2}$	48	100	16	84
15	20	12	58	15 $\frac{1}{2}$	49	105	16 $\frac{1}{2}$	88
16	25	12	59	15 $\frac{1}{2}$	50	110	16 $\frac{1}{2}$	92
17	23 $\frac{1}{2}$	13	60	16 $\frac{1}{2}$	50	115	16 $\frac{1}{2}$	96
18	22 $\frac{1}{2}$	14	61	16 $\frac{1}{2}$	51	120	16 $\frac{1}{2}$	100
19	21 $\frac{1}{2}$	15	62	16 $\frac{1}{2}$	52	125	16	105
20	20	16	63	15 $\frac{1}{2}$	53	130	16 $\frac{1}{2}$	109
21	19 $\frac{1}{2}$	17	64	15 $\frac{1}{2}$	54	135	16 $\frac{1}{2}$	113
22	18 $\frac{1}{2}$	18	65	15 $\frac{1}{2}$	55	140	16 $\frac{1}{2}$	117
23	17 $\frac{1}{2}$	19	66	16 $\frac{1}{2}$	55	145	16 $\frac{1}{2}$	121
24	16 $\frac{1}{2}$	20	67	16 $\frac{1}{2}$	56	150	16 $\frac{1}{2}$	125
25	20	20	68	16 $\frac{1}{2}$	57	155	16 $\frac{1}{2}$	130
26	19 $\frac{1}{2}$	21	69	15 $\frac{1}{2}$	58	160	16 $\frac{1}{2}$	134
27	18 $\frac{1}{2}$	22	70	15 $\frac{1}{2}$	59	165	16 $\frac{1}{2}$	138
28	17 $\frac{1}{2}$	23	71	15 $\frac{1}{2}$	60	170	16 $\frac{1}{2}$	142
29	17 $\frac{1}{2}$	24	72	16 $\frac{1}{2}$	60	175	16 $\frac{1}{2}$	146
30	20	24	73	16 $\frac{1}{2}$	61	180	16 $\frac{1}{2}$	150
31	19 $\frac{1}{2}$	25	74	16 $\frac{1}{2}$	62	185	16 $\frac{1}{2}$	155
32	18 $\frac{1}{2}$	26	75	16	63	190	16 $\frac{1}{2}$	159
33	18 $\frac{1}{2}$	27	76	15 $\frac{1}{2}$	64	195	16 $\frac{1}{2}$	163
34	17 $\frac{1}{2}$	28	77	15 $\frac{1}{2}$	65	200	16 $\frac{1}{2}$	167
35	20	28	78	16 $\frac{1}{2}$	65	205	16 $\frac{1}{2}$	171
36	19 $\frac{1}{2}$	29	79	16 $\frac{1}{2}$	66	210	16 $\frac{1}{2}$	175
37	18 $\frac{1}{2}$	30	80	16 $\frac{1}{2}$	67	215	16 $\frac{1}{2}$	180
38	18 $\frac{1}{2}$	31	81	16 $\frac{1}{2}$	68	220	16 $\frac{1}{2}$	184
39	17 $\frac{1}{2}$	32	82	15 $\frac{1}{2}$	69	225	16 $\frac{1}{2}$	188
40	15	34	83	15 $\frac{1}{2}$	70	230	16 $\frac{1}{2}$	192
41	14 $\frac{1}{2}$	35	84	16 $\frac{1}{2}$	70	235	16 $\frac{1}{2}$	196
42	16 $\frac{1}{2}$	35	85	16 $\frac{1}{2}$	71	240	16 $\frac{1}{2}$	200
43	16 $\frac{1}{2}$	36	86	16 $\frac{1}{2}$	72	245	16 $\frac{1}{2}$	205
44	15 $\frac{1}{2}$	37	87	16 $\frac{1}{2}$	73	250	16 $\frac{1}{2}$	209
45	15 $\frac{1}{2}$	38	88	15 $\frac{1}{2}$	74	300	16 $\frac{1}{2}$	250
46	15 $\frac{1}{2}$	39	89	15 $\frac{1}{2}$	75			

These maxima have been adopted so far as is consistent with leaving the rateable values unfettered by fractional parts of a pound.

FORM I

METROPOLITAN RATES

District No.

No.

CITY OR METROPOLITAN BOROUGH OF

NEW VALUATION LIST, 19.....

*Notice for Return for the Assessment of Lands, Houses, Tenements,
Hereditaments and other Rateable Property in the Metropolis.*

To.....

THE OCCUPIER

of.....

In pursuance of the Act 32 and 33 Victoria, cap. 67, intituled an Act to provide for Uniformity in the Assessment of Rateable Property in the Metropolis, you are hereby required to make a true and correct Return of the particulars required by the form on the other side hereof, and to deliver such Return to

THE TOWN CLERK,

TOWN HALL,

within 21 days from the service of this Notice.

Dated this.....day of.....19.....

.....
Town Clerk.

RETURN OF RENT OR ANNUAL VALUE

AND OF OTHER PARTICULARS TO BE RENDERED UNDER THE ACT OF 32 & 33 VICT., C. 67, BY
EVERY OCCUPIER OF RATEABLE PROPERTY IN THE METROPOLIS.

<p>1. Name of the Street or Road, etc., in which the property is situate. Number of the House (If not numbered, state the name by which known.) Whether occupied <i>with or without</i> Stables, or other premises, as part of the same property The quantity of Land (if any) and how used</p>	
<p>2. Full Christian Name and Surname of Occupier</p>	
<p>3. Name and Address of Owner or Immediate Lessor (If not known, state the name and address of the Agent or person to whom the rent is paid.)</p>	
<p>4. Whether the Property is occupied— (a) Wholly as a private residence or (b) Partly as a dwelling-house and partly for trade or business purposes or (c) Soldly for trade or business purposes, with no person residing on the premises, other than a Caretaker (Number of Rooms set apart for the use of the Caretaker, if any, and on which floor.) (d) Nature of the business, if any</p>	<p>(a) (b) (c) (d)</p>
<p>5. If the occupation is in respect of part only of a house or premises, state the extent, and on which floor or floors</p>	
<p>6. Amount of Rent or if Ground Rent only is paid, state its amount</p>	<p>£ per £ per</p>
<p>7. Whether the property is held under ^{Lease} or Agreement for a period of years Or by the Year, Quarter, Month, or Week</p>	

8. (a) Date of commencement of term of Lease or Agreement	(a)
(b) Term of years for which granted	(b)
(c) Whether granted for any consideration in money in addition to the Rent, or upon any condition as to laying out money in building, re-building, or improvements (If none, insert "None.")	(c)
9. If the Occupier is the Owner, or has purchased the Lease, the full Annual Value should be stated, i.e. the amount at which the property is worth to be Let by this year, the Owner keeping it in repair	Annual Value £
10. (a) Amount of Land Tax (if any)	(a) £ Borne by the
(b) Amount of Tithe Rent Charge, or of any Rate or Assessment in lieu of Tithes, paid in the year 19.. . . . (State in each case whether borne by the Landlord or Tenant.)	(b) £ Borne by the
11. Whether all usual Tenant's Rates and Taxes are paid, and borne by the Occupier in addition to the Rent . . . . .	. . . . .
12. Whether the Landlord or the Tenant undertakes to bear the cost of Repairs, Insurance, and other expenses necessary to maintain the property (If each undertakes to bear part only of the cost of Repairs, state the particulars.)	. . . . .

DECLARATION.

I declare that the foregoing particulars are in every respect fully and truly stated to the best of my judgment and belief.

Given under my hand this day of 19

. Occupier.

. { Profession or Trade,
and Business Address.

FORM II

.....District.

No.

CITY OR METROPOLITAN BOROUGH OF.....

NEW VALUATION LIST, 19.....

SITUATION OF PROPERTY.....

Notice for Return for the Assessment of Rateable Property where the Owner or Lessee is liable to be assessed for any Rate or Tax in the place of the Occupier or Tenant, or does in fact pay any such Rate or Tax in his place under any Contract or Arrangement with him.

To.....

of.....

In pursuance of the Act 32 and 33 Victoria, cap. 67, intituled an Act to provide for Uniformity in the Assessment of Rateable Property in the Metropolis, and of the Act 47 Vict., cap. 5, amending the same by giving greater facilities for Appeal to Owners and Lessees of houses paying rates and taxes in the place of the Occupiers, you are hereby required to make a true and correct Return of the particulars required by the Form within, and to deliver such Return to

THE TOWN CLERK,

TOWN HALL,

within 21 days from the Service of this Notice.

Dated this.....day of.....19.....

.....
Town Clerk.

RETURN BY OWNER OR LESSEE,* pursuant to the Valuation (Metropolis) Acts, 1869 and
LEFT HALF]

Situation.		If let in tenements, state			State Purpose for which Occupied, whether Private Residence, Shop, Office, or otherwise.	Rent.
No. of House.	Name of the Street, Square, Road, or Place.	No. of each Tenement, if separately numbered.	No. of rooms in each Tenement.	Floor on which each Tenement is situated.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
					Christian Names and Surnames (in full) of the Occupiers or Tenants. If any house or tenement be unlet, state "Unlet," and enter the rental value in Column (8).	Full amount, without any deduction for Rates or other deduction whatsoever. (If let at increasing rents, state particulars.)
					(8)	£ s. d.

* Every Owner or Lessee liable to be assessed for any rate or tax in place of the Occupier, or in fact paying such rate or tax for such occupier under any contract or arrangement with him, must, when required, make a Return on this prescribed form within 21 days after service of the form on him.—47 *Vid.*, c. 5., sec. 2 and 32 and 33 *Vid.*, c. 67, *secs.* 55 and 56.

If any person willfully refuses or neglects to make any Return required under the Act, within the time limited, he is liable, on summary conviction, to a penalty not exceeding Five Pounds; and if any person willfully makes or causes to be made a false Return, he is liable, on summary conviction, to a penalty not exceeding Ten Pounds.—32 and 33 *Vid.*, c. 67, sec. 58.

1884, of the Rents, &c., of the Property named and situate at.....

[RIGHT HALF]

Rent.	Where let under Lease or Agreement, state			Whether all the usual Tenant's Rates and Taxes (General Rate, Water Rate, and Inhabited House Duty) are paid by the Owner, or by the Tenant. (If paid by Owner and repaid by Tenant it should be so stated.)	State whether the Owner or Tenant bears the Cost of—					
State whether by Year, Quarter, Month, or Week.	Date of commencement of Term of Lease or Agreement.	Term of years for which granted.	Whether granted for any consideration in money, in addition to the Rent, or upon any condition as to laying out money in building, re-building, or improvements. (If repaid by Tenant it none, insert "None.")	(13)	Repairs.	Insurance.	Lift.	Cleaning and Lighting Staircase.	Porter.	
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	

I, the undersigned, being the [†]Owner or Lessee [†]Agent for the Owner or Lessee of the Hereditaments included in the above Return, hereby declare that the foregoing particulars are in every respect fully and truly stated to the best of my judgment and belief, and that the Return includes all the Hereditaments comprising the property situate as above *whether let or not*.

Given under my hand this _____ day of _____, 19____.

 Signature.

 Address.

 Profession or Occupation.

† Strike out the words inapplicable.

QUINQUENNIAL VALUATION LIST, 19.....

Division.....

* TO THE COUNCIL OF THE METROPOLITAN BOROUGH OF....., IN THE COUNTY OF LONDON.
I HEREBY GIVE YOU NOTICE that I object to the Quinquennial Valuation List of the Parish of.....
now deposited, in respect of the following Assessment or Assessments.

No. in List.	Name of Occupier.	Name of Owner.	Description and Name or Situation of Property.	Gross Value as estimated by Overseers.	Rate of Deduction per cent.	Rateable Value of Buildings and other Hereditaments not being Agricultural Land.
				£		£

¹ This number must in all cases be correctly inserted.

And the grounds of my objection are ²

² Here state if the objection is to the Description of the Property, or to the Gross Value, or to the Rate of Deduction, or to the Rateable Value; also set forth the grounds of such objection.

And the correction which I desire to be made is as follows:—

No. in List.	Name of Occupier.	Name of Owner.	Description and Name or Situation of Property.	Gross Value.	Rate of Deduction per cent.	Rateable Value of Buildings and other Hereditaments not being Agricultural Land.
				£		£

* DATED this..... day of June, 19..... Signature of Appellant.....
* A similar notice is sent to the Assessment Committee. Address by Post.....

FORM VI

FIRST INSTALMENT.

This Notice must be produced when Payment is made.

METROPOLITAN BOROUGH OF
District ().

GENERAL RATE DEMAND NOTE.

RATE FOR THE PERIOD ENDING 30TH SEPTEMBER, 19.....

Mr..... *No. of Assessment*.....

of..... *Rateable Value* £.....

The Council of the Metropolitan Borough of..... demand payment of the 1st Instalment of a General Rate made the 6th day of April, 19..... (estimated to meet the expenses which will be incurred before the 30th day of September next), now due from you, as follows—

Amount of Rate ats.d. in the Pound (1st Instalment ats.d. in the £)

Amount Payable.

[Purposes for which the above-mentioned General Rate was made; estimated sum required to be raised for each purpose; and approximate amount in the Pound levied for each purpose (including, as far as is practicable, the proportionate amount in the Pound to cover estimated costs of, and loss in, Collection), are usually included.

See *post*, p. 277.]

Purposes.		Sum Required.	Amount in the Fund, including allowance for costs of, and loss in, collection.
		£	s. d.
EXPENDITURE NOT UNDER THE CONTROL OF THE BOROUGH COUNCIL—			
Contributions to the London County Council for purposes other than the Equalization Fund under the London (Equalization of Rates) Act, 1894 :			
General County Purposes other than Education	.	.	.
Special County Purposes not within the City of London	.	.	.
Education—			
Elementary	.	.	.
Higher	.	.	.
TOTAL FOR COUNTY COUNCIL PURPOSES	.	.	.
Contributions to the Receiver for the Metropolitan Police District	.	.	.
Relief of the Poor and other Expenses of the Guardians of the	.	.	.
the Managers of the Metropolitan Asylum District	----- Union (including contributions to	.	.
Deficiency of the Metropolitan Water Board	.	.	.
TOTAL FOR PURPOSES NOT UNDER THE CONTROL OF THE BOROUGH COUNCIL	.	.	.
EXPENDITURE OF THE BOROUGH COUNCIL—			
Removal of house refuse, and sweeping and cleansing of streets	.	.	.
In respect of Lighting	.	.	.
In respect of Streets otherwise than as above	.	.	.
In respect of Sewerage	.	.	.
Under the Baths and Washhouses Acts	.	.	.
Under the Public Libraries Acts	.	.	.
Under the Sale of Food and Drugs Acts	.	.	.
Costs of Collection	.	.	.
Other Expenses (including Public Conveniences, Open Spaces, Disinfection, Maternity and Child Welfare, Registration of Voters, General Establishment Charges, etc.)	.	.	.
Less Transfer from Profits of Electricity Undertaking	.	.	.
TOTAL FOR BOROUGH COUNCIL PURPOSES	.	.	.
TOTAL	.	.	.

The sum of £. is receivable by the Borough Council from the London County Council out of the Equalization Fund authorized by the London (Equalization of Rates) Act, 1894. The amount of the Rate hereby demanded is consequently less to the extent of d. in the Pound than it otherwise would have been.

FORM VII

RATES OUTSIDE METROPOLIS

PARADISE UNION

NOTICE IS HEREBY GIVEN

That the Meetings of the Assessment Committee of this Union during the year ending 15th April, 19__, will be held at the _____ on the undermentioned days, viz.—

				Latest date for notice of deposit of Supplemental Valuation Lists
1923	May	Wednesday,	16th.	15th April
"	July	"	11th.	10th June
"	September	"	5th.	5th August
"	November	"	14th.	14th October
1924	January	"	9th.	9th December
"	March	"	5th.	3rd February

At these meetings the Valuation and Supplemental Valuation Lists of the several Parishes in the Union will be examined, corrected, and approved, and all objections to such Lists will be heard, due notice having been given as mentioned below.

Parish Officers having new or Supplemental Valuation Lists are bound, by Act of Parliament, to deposit the same at the usual Place in their Parish, and to give public notice thereof on the Sunday next after such deposit, and to allow all Ratepayers to inspect such Lists.

At the time of making the deposit they are required to forward a copy of such List to the Clerk of the Assessment Committee, and also, after fourteen days, to transmit the original to him. A period of *twenty-eight days* at the least must elapse between the giving of the *notice of deposit* and the *approval of the List* by the Assessment Committee.

OBJECTIONS.—Any person wishing to bring before the Committee an objection to his Assessment is required to give to the Overseers, or Assistant Overseer of his Parish, and also to the Clerk of the Committee, notice in writing of his intention, together with the grounds thereof, at least ten days before the day of meeting at which he desires the objection to be entertained, and every such person must state in his notice the particular property in respect of which he intends to object, the situation thereof, and the amount of its present gross estimated rental and rateable value. With his notice to the Clerk, he is desired to forward, if an owner, the conveyance of the property to him; if an occupier, the lease or agreement under which the premises are held, and if there be no lease or agreement, then the last receipt for rent and land tax. These documents will be returned after inspection. The appellant (or his agent) must attend, if notified, at the hearing, and produce the above mentioned documents, otherwise the objection will be liable to be dismissed. He must also be prepared at the hearing of the objection to furnish any further information that the Committee may require, such as cost of building, amount of premium, etc.

A notice of the time and place of meeting at which the objection will be heard will be sent to the appellant on the Saturday preceding.

By order of the Committee,

31st March, 19__.

Clerk.

UNION ASSESSMENT COMMITTEE ACTS, 1862 & 1864
(27 & 28 Vict., c. 39, s. 5.)

NOTICE OF ASSESSMENT

THE ASSESSMENT COMMITTEE of the above-named Union HEREBY GIVE YOU NOTICE in conformity with Section 5 of the Union Assessment Committee Amendment Act, 1864, that on.....day, the.....day of.....19..... the Overseers of the Parish [or Township] of.....in the above-named Union, transmitted to them a [Supplemental] Valuation List of the [certain] Rateable Hereditaments in the said Parish [or Township], and that in the said List the following sum [is or are] set down as the Rateable Value of the Property in the said Parish [or Township] purporting to be occupied by you, namely—

[illegible]

Clerk to the said Committee.

N.B.—This Notice may be served by being transmitted through the Post to the principal Office of the Company, or one of their principal Offices, if there be more than one.

FORM IX

THE UNION ASSESSMENT COMMITTEE AMENDMENT
ACT, 1864

.....Union.

To the Clerk of the County Council of.....

I do hereby inform you that the respective Totals of the Gross Estimated Rental, and the Rateable Value of the Property included in the respective Valuation Lists at present in force for the several¹.....situate in the said County, and comprised in the said Union, as estimated in the said Lists respectively, amount to the sums specified in the Schedule hereunto annexed.

GIVEN under my hand this.....day of.....
One thousand.....hundred and.....

.....
Clerk to the Assessment Committee of the said Union.

Copy of Totals of Gross
Estimated Rental and
Rateable Value to be
sent to Clerk of the
County Council.

¹ Insert Parishes, or Parishes and Townships.

NOTE.—This must be transmitted in the month of *December* of every year. (27 & 28 Vict., c. 39, s. 9.)

SCHEDULE

[illegible]

FORM X

THE UNION ASSESSMENT ACTS, 1862 TO 1880

NOTICE IS HEREBY GIVEN, that a Supplemental (or New) Valuation List for the Parish of..... in the County of....., and in the Paradise Union, has been deposited by the Overseers of the said Parish at..... being the place in the said Parish in which Rate Books are deposited or kept; and that all persons assessed or liable to be assessed to the Relief of the Poor of the said Parish have the like right of inspecting and of demanding and taking copies of and extracts from such List, as in the case of a Poor Rate allowed by the Justices; and that the said List will remain so deposited until Monday, the.....day of.....instant (or next), on which day it will be transmitted to the said Assessment Committee; and that the said Assessment Committee have appointed.....day, the.....day of.....next, at the Board Room of the Union Workhouse, at Paradise, at.....o'clock in the.....noon, for the hearing of any Objections to the said List.

Dated this.....day of.....19.....

..... } Overseers of the Parish of
..... }

FORM XI

Parish of.....

in the.....Union.

NOTICE IS HEREBY GIVEN,

That the REVISED SUPPLEMENTAL VALUATION LIST for this Parish, as altered by the Union Assessment Committee, was deposited on the.....day of.....19....., at and all persons assessed, or liable to be assessed, to the relief of the poor of this Parish, can inspect the same during..... days from the date of the re-deposit of such altered Valuation List.

THE COMMITTEE have appointed the..... day of.....at..... at.....o'clock in the Forenoon, for the HEARING OF ANY OBJECTIONS to the Valuation List as so altered by them.

Dated this.....day of.....19.....

(Signed),

..... } Overseers of the
..... } Poor of the
..... } above-named
..... } Parish.

UNION ASSESSMENT COMMITTEE ACT, 1862
25 & 26 Vict., Cap. 103, Sec. 18.

and to the Overseers of the Poor of the Parish of.....

Here state grounds
of Objection

(see p. 179, ante)

(Signed).....
(State whether Mrs., Miss, or Rev.)

Number of Assess- ment.	NAME OF OCCUPIER	NAME AND ADDRESS OF OWNER.	Description and Situation of the Property.	Acreage.	Gross Estimated Rental of Property as appearing in the Valuation List at present in force.	Rateable Value as per list in force.					
						Agricultural Land.	Buildings and other Hereditaments not being Agricultural Land.				
						£	s.	d.	£	s.	d.

One Copy of this notice to be sent to the Clerk of the Assessment Committee, and another to the Overseers of the Parish. [See opposite

INFORMATION FOR THE GUIDANCE OF APPELLANTS.

Every appellant is required to give to the Overseers, or Assistant Overseer of his Parish, and also to the Clerk to the Assessment Committee, notice in writing of his intention to appeal at least 10 days before the day of the meeting at which he desires the same to be entertained, and every such person must state in his notice the particular property in respect of which he intends to appeal, the situation thereof, and the amount of the present Gross Estimated Rental and Rateable Value. He is also desired to forward to the Clerk, together with his notice, if an owner, the conveyance of the property to him; if he be only an occupier the Lease or Agreement under which the premises are held, and if there be no Lease or Agreement then the last receipt for rent and land tax. These documents will be returned after inspection.

The Appellant (or his agent) must attend the hearing and produce the above mentioned documents, otherwise the appeal will be liable to be dismissed.

He must also be prepared at the hearing of the appeal to furnish any further information that the Committee may require, such as the cost of the building, amount of premiums, etc.

NOTE.—When the Valuation List is objected to on the grounds of unfairness or incorrectness in the Valuation of any hereditament, in respect of which any person, other than the objector is liable to be rated, or on the ground of the omission of any hereditament, notice must also be given to such other person.

Notice of the approximate time of the hearing of the appeal will be given to the Appellant four days before the meeting of the Committee.

By order,

Clerk to the Assessment Committee.

Valuation List

The Valuation List is similar to that for the Metropolis (*q.v.*)

FORM XII

DEMAND NOTE

April, 19.....

Parish of..... Union. Urban District Council of.....

POOR RATE.

GENERAL DISTRICT RATE.

Mr.....

Description of Property

The Overseers of the Poor demand payment of the Poor Rate made the --- day of April, 19---, to meet expenses which will be incurred before the 30th day of September next, and of the arrears of former rates, as below, now due from you.

Number of Assessment.	Description of Property.	Rate-able Value.	Amount of Poor Rate at --- in the £ on Agricultural Land and at --- in the £ on other Hereditaments.		
			£	s.	d.
	Buildings and other Hereditaments not being Agricultural Land				
	Agricultural Land				
	Arrears of former Rates				
	TOTAL	£			

Amount of Poor Rate payable by Owner, provided it be paid within the time prescribed by Section 5 of the Poor Rate Assessment and Collection Act, 1869 . . . £

The Urban District Council demand payment of the General District Rate made the --- day of April, 19---, to meet expenses which will be incurred before the --- day of September next, and of the arrears of former rates, as below, now due from you.

Amount of General District Rate at ----- in the £.		
£	s.	d.
On Houses or other Premises, full Rateable Value .		
On Land, etc., one-fourth Rateable Value .		
On four-fifths Rateable Value where owner is rated instead of the Occupier .		
Arrears of former Rates		
TOTAL		

FORM XIII

* THE BLUE FORM, AND INHABITED HOUSE DUTY

Parish of _____

NOTICE OF ASSESSMENT OF ANNUAL VALUE OF PROPERTY FOR YEAR ENDED 5TH APRIL, 19____, FOR THE PURPOSES OF ASSESSMENT TO INCOME TAX AND INHABITED HOUSE DUTY FOR THE YEAR 19____.

To _____ or the Occupier of _____

TAKE NOTICE, That an Assessment of the Annual Value for the year ended the 5th of April, 19____, of the property described herein has been duly made by the Commissioners of Income Tax and Inhabited House Duty, as follows:—

FOR THE PURPOSES OF INCOME TAX, SCHEDULE A (PROPERTY TAX), 19__										
Number of Assessment.	Name of the Owner of the Property.	Description of Property.	Deductions to be allowed in respect of—						Net Amount of Assessment.	
			Rent or Annual Value Assessed.	Repairs.		Land Tax, Drainage, Rates, etc.				
				Lands.	Houses or Buildings.					
			£	s.	£	s.	£	s.	£	s.
FOR THE PURPOSES OF INHABITED HOUSE DUTY, 19__										
Rent or Annual Value Assessed in respect of—										
			Shops, Inns, Farmhouse, etc.					Private House.		
			£		£					

FORM XIV

Number of Assessment.	DESCRIPTION OF TAX.	Amount on which Tax is Payable.	Rate in the £ for the Year.	Tax Payable.														
	<p>*INCOME TAX:</p> <p>¹SCHEDULE A, ²FIRST INSTALMENT (Property Tax. On annual value after allowance of the statutory deductions for repairs—see note <i>ante</i> leaf.)</p> <p>Less allowance of tax, if any, in respect of</p>	£	2s. 3d. 4s. 6d.	£ s. d.														
	<p>†HOUSE DUTY:</p> <table border="1"> <thead> <tr> <th rowspan="2">Annual Value.</th> <th colspan="2">Shops, Inns, Farm Houses, Registered Lodging Houses, &c.</th> <th colspan="2">Private Houses.</th> </tr> <tr> <th>Not exceeding £40</th> <th>Exceeding £40 to £60</th> <th>Not exceeding £40</th> <th>Exceeding £60</th> </tr> </thead> <tbody> <tr> <td>Rate in £</td> <td>2d.</td> <td>4d.</td> <td>3d.</td> <td>9d.</td> </tr> </tbody> </table>	Annual Value.	Shops, Inns, Farm Houses, Registered Lodging Houses, &c.		Private Houses.		Not exceeding £40	Exceeding £40 to £60	Not exceeding £40	Exceeding £60	Rate in £	2d.	4d.	3d.	9d.		2d. 3d. 4d. 6d. 9d.	
Annual Value.	Shops, Inns, Farm Houses, Registered Lodging Houses, &c.		Private Houses.															
	Not exceeding £40	Exceeding £40 to £60	Not exceeding £40	Exceeding £60														
Rate in £	2d.	4d.	3d.	9d.														
	Total Amount payable on or before 1st January, 19																	

* See p. 164 *ante*.
 † See p. 187 *ante*.

[SEE BACK

DEDUCTION OF TAX FROM RENT. The landlord is bound under a penalty of £50 to allow, out of the *first* payment made on account of Rent after the date of the Collector's Receipt, the amount of income tax actually paid under Schedule A, up to an amount not exceeding for the whole year the amount of the tax on the Rent payable for the year at the rate or rates of tax paid in respect of such Rent.

ALLOWANCE FOR REPAIRS. The statutory deductions for Repairs granted from the gross assessment to Income Tax, Schedule A, for the purposes of collection are as follows—

- (1) Lands (inclusive of the farmhouse and other buildings, if any), *one-eighth* of the full Annual Value.
- (2) Houses, or buildings (exclusive of farmhouses or buildings assessed with lands), *one-sixth* of the full Annual Value; but, where a tenant undertakes to bear the cost of repairs, the deduction is to be so restricted as not to reduce the net assessment below the amount of rent payable.

Where the cost of maintenance, repairs, insurance and management, according to the average of the preceding 5 years, exceeds the statutory allowance for repairs as above, a *further allowance* may be claimed by the owner, so far as the cost has not been otherwise allowed as a deduction in computing income for the purposes of tax. This provision applies only to lands (inclusive of farmhouses, etc.) and to houses of which the annual value does not exceed (a) in the Metropolitan Police District, including the City of London, £105; (b) in Scotland, £90; and (c) elsewhere £78.

The term "maintenance" includes replacement of farmhouses, farm buildings, cottages, fences and other works where the replacement is necessary to maintain the existing rent.

EXEMPTION AND ABATEMENT OF LAND TAX. An individual who *owns* property may claim exemption from land tax thereon if his total income does not exceed £160, or abatement of one-half the tax if his total income does not exceed £400; but any such claim must be preferred before payment of the tax.

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